

U.S. Analysts Say Gorbachev Buys Time With Arms Talks

By George C. Wilson
Washington Post Service
WASHINGTON — U.S. intelligence analysts portray Mikhail S. Gorbachev as a Soviet leader pursuing arms control agreements to provide time to modernize his country's industrial base so it can produce not only consumer goods but also the high-technology weapons needed to close a gap with the West.

This portrait is sketched by the Central Intelligence Agency, the Defense Intelligence Agency and the Pentagon in a recent series of reports, and it is filled out by Soviet specialists within the government familiar with the secret as well as public assessments of Mr. Gorbachev's policies and their chances for success.

According to the analysts, Mr. Gorbachev confronts the following problems on the military front:
• He cannot make any big savings immediately in the Soviet military establishment because the high-cost items are in full production and cannot safely be stopped. Cases in point are the Typhoon and Delta IV submarines, which would have to carry more of the nation's nuclear firepower after a strategic arms reduction agreement.

• The present industrial base cannot turn out the high-technology weapons that the West will field in the 1990s and beyond although Soviet military leaders are calling for quality as well as quantity. Arms control agreements would reduce the pressure on Mr. Gorbachev to close the technology gap.

• He almost certainly will not be able to transform the industrial sector into high-technology capability by the end of the 1990s because of the current generation of weapons end in the early 1990s. Unless he can point to arms control agreements that make matching the West's weapons less urgent, his generals will press him to produce more of the old weapons at great expense, eating up money and production capability he would rather devote to consumer goods without closing the high-technology gap.

Shiites Gain In Fighting In Beirut

By Hsan A. Hijazi
New York Times Service
BEIRUT — Pro-Iranian Shiite fundamentalists appeared Wednesday to have gained the upper hand in Beirut's densely populated southern suburbs after six days of heavy fighting with their rivals in the Syrian-backed Amal militia.

Fighters of Hezbollah, the Party of God, gained the ground in renewed clashes after a brief lull in the violence Tuesday. A Hezbollah communiqué said headquarters of Amal in Buj al-Brijneh, one of the largest of seven suburban neighborhoods making up the 36-square-kilometer (14-square-mile) area, had been captured by the fundamentalists.

Security officials said hundreds of Hezbollah combatants had made more territorial gains and now were virtually in control of most of the area. Although a ceasefire is supposed to be in effect after Syrian and Iranian mediation, Amal, which is the larger faction, has been regrouping its ranks after bringing in additional reinforcements from southern Lebanon.

Police said 10 persons were killed and 28 wounded in battles Wednesday, which began at dawn and in which heavy field guns and tanks were used. The death toll since the violence flared Friday stands at about 150.

Hezbollah's success is seen as a victory for Iran and poses a challenge to Syria, which maintains 7,000 troops in other Muslim parts of Beirut. It may now be more difficult for the Syrians to consider sending their soldiers into the southern suburbs.

Beirut Radio, the state station now controlled by Amal, broke into its regular programs to announce that the Syrian Army is prepared to intervene to stop the fighting. The radio quoted the highest ranking Syrian officer in Lebanon, Brigadier General Otazi Kanoun, as saying that Syria had no alternative but to intervene.

• Denied the option of canceling existing weapons production to free money for consumer goods, Mr. Gorbachev has been forced to squeeze money out of the military's operation and maintenance, called "readiness accounts" by the Pentagon, which contain money needed to keep ships steaming far from home. The U.S. flotilla in the Gulf, for example, costs about \$1 million a day to operate.

Mr. Gorbachev, who came to power in 1985, last year found weapons eating up the military's procurement budget as he tried to find money for consumer production, according to the CIA and Defense Intelligence Agency. The weapons included Typhoon and Delta missile submarines, the Soviet answer to the U.S. Trident missile boats; the Sierra and Akula class attack submarines, which are being refitted for quieter running in the hope of evading U.S. detection; the II-76 military transport; and the SA-10 anti-aircraft missile.

"While apparently leaving major procurement programs alone, Gorbachev was increasingly vocal on the need for military support of the modernization campaign," the two agencies said in their recent joint report submitted to the Joint Economic Committee of Congress.

IRAQ: Missiles Over Diplomacy

(Continued from Page 1)
The Iraqi leadership announced in late April that it had tested a new missile, the Al Abbas, with a range of 875 kilometers, giving Iraq the capability of hitting Iran's vital ports and oil installations in the Gulf as far distant as the Strait of Hormuz.

Foreign embassies in Baghdad have estimated that Iraq has somewhere between 200 and 1,000 Al-Hussein and Al Abbas missiles in reserve.

Meanwhile, Iraq's military command announced on successive days last week that its warplanes had bombed Iran's oil refinery and petrochemical complex at Shiraz, in southwestern Iran, and that other Iraqi jets had attacked three Iranian oil tankers in the Gulf.

These new attacks against Iran's oil economy, the Iraqi military command said, were "aimed at denying the Tehran regime oil revenues to prolong the aggression against Iraq."

Foreign Minister Tariq Aziz, in the first direct public reference to chemical weapons by an Iraqi official, also warned last week that Iraq has to repel "aggression" by calling on "all means, including the use of chemical weapons, against those who seek to occupy its territory."

Iraqi officials have stressed in private discussions that they consider the use of chemical weapons on their own territory against invading forces to be a legitimate, if drastic, defensive measure.

It is difficult to estimate the size of the chemical weapon stockpiles amassed by the warring nations. An Iraqi pilot shot down in March told reporters in Tehran that Iraq

"Early in 1987 he called defense a 'great burden' on the economy and indicated that, in the future, military requirements would have to be based on the principle of 'reasonable sufficiency,'" the report went on.

It said that the military's only response observed so far had been to trim some operation-and-maintenance costs. "The navy, for example, has reduced its out-of-area operations," the report said.

The Soviets, in the strategic arms reductions talks, already have agreed to cut their force of block-buster land missiles, the SS-18, from 308 to 154. Arms control specialists predict this reduction will impel the Soviets to put more of their nuclear firepower under the sea in Typhoon and Delta IV missile submarines.

Representative Les Aspin, the Wisconsin Democrat who is chairman of the House Armed Services Committee, said Tuesday that his committee had not looked at arms control proposals through Mr. Gorbachev's end of the telescope but would do so soon in hearings. Analysts from the CIA and the Defense Intelligence Agency, as well as Soviet specialists outside the government, will testify, he said.



Lech Walesa, left, walks from the shipyard with the mediator, Tadeusz Mazowiecki.

Despite Solidarity's Loss at Gdansk, Jaruzelski's Political Gain Is Meager

By Jackson Diehl
Washington Post Service

GDANSK, Poland — As an uneasy calm settled on Poland on Wednesday after 16 days of labor unrest, the government of General Wojciech Jaruzelski was left with the daunting task of picking up the pieces of its program for economic change and trying to rebuild its political credibility with a resentful, pessimistic nation.

When workers occupying the Lenin Shipyard were walked out of the yard Tuesday night, the Communist leadership could count as a victory its ability to end the nine-day strike, which became the central focus of the larger protest wave, without either a direct police attack or major political concessions.

Government spokesmen can also point to the fact that although workers in six big enterprises struck and many others presented managers with pay demands, the nation as a whole did not rally behind either the workers' economic protest or the Solidarity trade union's call for pluralism.

Still, in the aftermath of the strikes, it was General Jaruzelski, more than Lech Walesa, the leader of Solidarity, who faced the most difficult prospect for the future. In many ways, the general seemed to be risking the same fate of Edward Gierk, Poland's Communist leader in the 1970s, who survived a rash of protests in 1976 but in doing so laid the seeds for his own downfall in a massive popular uprising four years later.

Like Mr. Gierk, General Jaruzelski has quieted workers with a mixture of bribery and force. Changes in tax regulations have allowed managers around the country to meet huge pay demands even as riot police broke up a nine-day

steel mill strike in Krakow and choked off the occupied shipyard in Gdansk.

In the coming months, the government will have to cope with the consequences of that policy, which are almost sure to include rapid

inflation, tougher treatment by the skeptical Western creditors holding Poland's \$40 billion debt, and a revitalized, more militant opposition.

To avoid the fate of Mr. Gierk and the other Communist leaders who preceded him, General Jaruzelski must take strong steps both to stabilize the economy and persuade average Poles that real reform, and not just price hikes, is under way, government officials concede. Many of the workers striking in the last weeks, including Mr. Walesa, have said that they strongly favor official reform plans announced last year but do not believe that General Jaruzelski is implementing them.

Government officials say the authorities are adopting just such reforms by moving to grant "special powers" to the council of ministers. The new provisions will, in effect, make Deputy Prime Minister Zdzislaw Sadowski, the one-Communist economic reform chief who is supposed to exercise the new powers, into a virtual dictator over the economy.

If Mr. Sadowski were to use the powers to aggressively push through stalled reforms, including moves to rid the country of wasteful heavy-industrial investments, cut subsidies, and expand private enterprise, the powers could serve to restart the reforms' momentum and win the government more support.

But skeptics say Mr. Sadowski, as a nonparty academic, is unlikely to win those battles against entrenched Communist apparatchiks, and the powers are more likely to be wielded as a weapon against out-sized wage and price increases.

Here, too, the government may find that it is too weak to use its on-paper strength. Though stopping inflation and halting Poland's shortage-riddled market requires a decrease in real incomes, any attempt to force austerity on workers will only invite another outbreak of unrest. The last two weeks have already shown that General Jaruzelski would rather grant pay increases than face down a strike.

Government officials acknowledge that they must find a way to win society's support for sacrifices. But Solidarity's plausible argument that only major political reforms, such as trade union pluralism, will convince Poles to rally behind the economic program continues to be rejected, largely because General Jaruzelski deeply fears a return to what he calls the "chaos and anarchy" of Solidarity's legal existence in 1981.

The result is that with or without special powers, General Jaruzelski's government will be hard pressed to avoid the paralysis that has steadily overtaken all of its previous grand announcements of "radical steps." The strikes have only made its long-standing political dilemma more acute, while radicalizing that part of society that joined in the protests.

Despite its nominal defeat in the shipyard, Solidarity's organization will likely be energized in the immediate aftermath of the unrest. The strikes and relatively vigorous accompanying protests in universities have served to consolidate under the union's wing a new generation of activist students and young workers.

Mr. Blunt died in 1983. Mr. Burgess and Mr. Maclean died in Moscow.

PHILBY: Soviet Spy Dies

(Continued from Page 1)

years in the top echelons of the intelligence establishment.

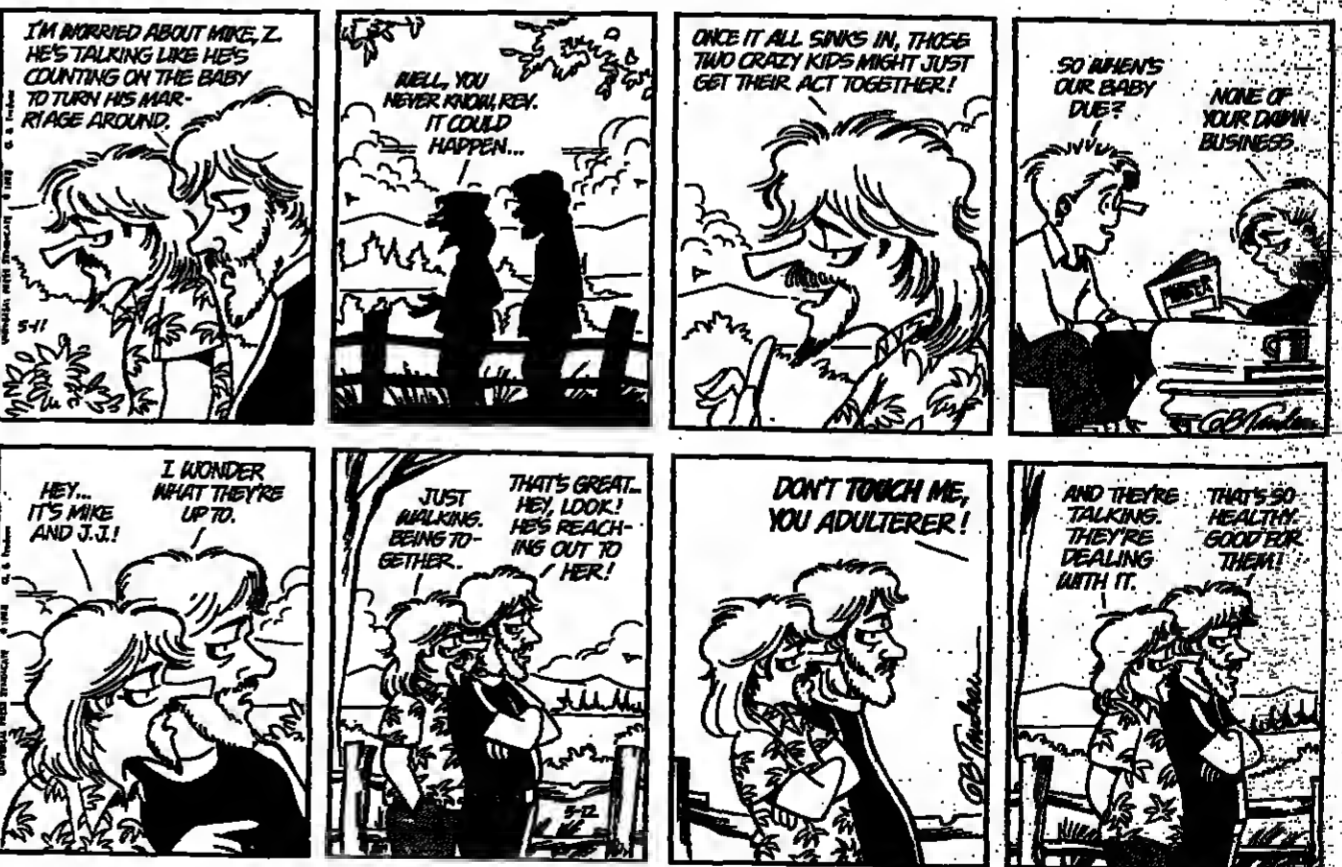
The Maclean-Burgess-Philby spy scandal severely damaged the exchange of intelligence information between London and Washington.

Mr. Philby had been under suspicion for 12 years, and his unmasking was a nightmare for British intelligence. It began when Mr. Maclean and Mr. Burgess defected to the Soviet Union and it reverberated into the 1980s with the disclosure that Anthony Blunt, another upper-class Englishman, had been revealed as a traitor and went unpunished.

When Mr. Philby defected, Mr. Blunt was given immunity from prosecution in exchange for information. He later became art adviser to Queen Elizabeth II.

Mr. Blunt died in 1983. Mr. Burgess and Mr. Maclean died in Moscow.

DOONESBURY



WORLD BRIEFS

Danish Crisis Grows as Schluter Quits

COPENHAGEN (NYT) — Prime Minister Poul Schluter resigned Wednesday after failing to win a clear mandate for his pro-NATO military policies in the general election Tuesday.

The resignation, originally regarded as pro forma, set off unexpectedly intense parliamentary maneuvering that cast doubt on Mr. Schluter's future and boded further confusion over Denmark's relationship with the North Atlantic Treaty Organization.

Mr. Schluter, a Conservative who called the election as a referendum on Denmark's willingness to support NATO by allowing U.S. and British ships carrying nuclear weapons into its ports, initially said he had tendered a "temporary resignation" in preparation for forming a new government.

But in a surprise development, Queen Margrethe invited a parliamentary leader from the rival Social Democrats to chair discussions about who should lead the new government. The queen's action underscored the complications of parliamentary politics in a country where eight parties are represented in the 179-seat Folketing. Analysts said it could be some time before it is clear whether Mr. Schluter or one of his rivals will form the next government.

West Bank Shops Are Forced to Shut

JERUSALEM (Reuters) — The Israeli Army forced shops on the West Bank to close Wednesday, retaliating for two days of strikes marking the start of the sixth month of a Palestinian rebellion against Israeli rule.

Soldiers drove through the cities and towns calling through loudspeakers to shop owners not to open until noon, residents said. They said soldiers had told them they must remain closed until midday for two weeks.

Leaders of the uprising in the occupied West Bank and Gaza Strip have allowed shops to open from 9 A.M. until noon, while the army has attempted to force them to close during those hours. An army spokesman said that he had not heard of the closings and that there was no new policy.

Car Blast in Nicosia Kills 3, Hurts 19

NICOSIA (Reuters) — A car filled with explosives blew up in central Nicosia on Wednesday, killing three people and injuring 19 as it sped away from the Israeli Embassy, where guards had stopped it from parking.

The police said later they had arrested a 28-year-old Lebanese student, Omar Ahmad Hawilio, who owned the four-wheel-drive Mitsubishi Pajero containing the explosives. The Cyprus radio said Mr. Hawilio had fled the vehicle moments before it blew up.

The explosion killed the driver of the Mitsubishi, a Cypriot woman in a car behind it and a former Cypriot diplomat, police and government officials said.

Belgrade Extends Wage-Price Freeze

BELGRADE (AP) — The Communist government failed to secure expected Western credits and delayed the end of a partial wage and price freeze due to be lifted May 15, a senior official said Wednesday.

Deputy Prime Minister Milos Milosavljevic told the Communist Party's Central Committee that in international financial support was crucial to ending the six-month wage and price freeze imposed in November in an attempt to curb 170 percent inflation.

The Basel Bank for International Settlements has approved only half of an expected \$500 million bridge loan for Yugoslavia, Mr. Milosavljevic said. He said the bank's action "makes it impossible" to implement what the government bills as a new package of market-oriented economic reforms beginning with the lifting of the freeze on May 15. He added that he expected the rest of the loan to be raised in about 10 days during negotiations with some unidentified European governments and with the United States.

For the Record

An attempt by officers and soldiers in two military bases to overthrow the government of President Marco Vinicio Cerezo of Guatemala has been quashed, the Guatemalan Army announced Wednesday. (AP)

TRAVEL UPDATE

Sealink Tries to End Truck Blockade

LONDON (Reuters) — A British ferry company tried Wednesday to end a three-day truck blockade of English, French and Belgian ports by offering to carry only freight on some of its Channel crossings.

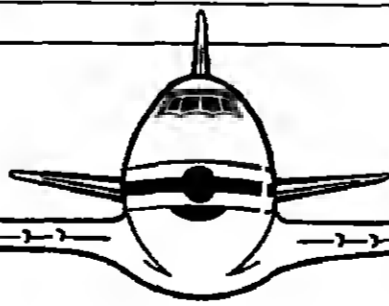
More than 600 trucks packed a 10-mile (16-kilometer) section of the M20 motorway near Britain's main Channel port of Dover in a protest by drivers against a 14-week seamen's strike that has disrupted ferry service to and from Europe.

Truck drivers, angry at the disruption to freight traffic, have also blockaded Ostend in Belgium and the French ports of Calais and Dunkirk. The Sealink ferry company appealed to them to end the blockade in return for a pledge to carry only freight on three of its ferries to and from Dover, Calais and Dunkirk in the next two days. There is only a limited passenger service on ferries to Calais and Ostend and ships were not accepting private vehicles.

Traffic of member airlines of the International Air Transport Association during the first quarter this year marked a 13-percent increase over last year, the association announced Wednesday. It said 41.5 million passengers were carried aboard international flights for a load factor of 64 percent, up 1 percent.

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مكازم الترحيل

Noriega Steps Up Use of Repression, Opponents Assert

By James LeMoyné
New York Times Service

PANAMA CITY — The military regime of General Manuel Antonio Noriega is regularly using sexual humiliation, threats, imprisonment, beatings and punitive fines to intimidate the general's opponents, according to human rights investigators, diplomats and opposition leaders.

Instead of showing signs of compromise, the critics of the government say, General Noriega is hardening his hold on power despite efforts by U.S. officials to persuade him to resign.

Unlike some other Central American governments that have murdered thousands of suspected opponents, the Panamanian military regime almost never kills its critics. In 11 months, there have been only three deaths attributed to political strife. But the repression, carried out by the army, which controls most of official Panama, has been effective in weakening and dispiriting General Noriega's opponents.

"He's brutal and very smart," said a member of the ruling Democratic Revolutionary Party who knows General Noriega well. "You have to realize that there is nothing he won't do if he feels it's in his interest."

Diplomats and opposition politicians say the general's actions put into question his willingness to leave power. Even if he resigns, the observers and opposition figures say, the general appears intent on breaking his opponents and leaving behind a military-run political machine dominated by his supporters.

"The violence that the general is using is highly effective," the critics say, because it destroys all but the most militant opponents without raising strong international protest or creating the hardened enemies that killings might spawn.

The general also is stacking key commands in the National Defense Forces, which he leads, with supporters that a diplomat called "a group of thugs loyal to Noriega."

A favorite tactic of the regime is to threaten male political prisoners with homosexual rape by common criminals, according to a leading human rights investigator and to several diplomats.

Women held in prisons are periodically stripped and searched by male soldiers, the diplomats and the human rights official said.

"Noriega is for all purposes an amoral man," the human rights investigator said. "His regime has a



Jesse L. Jackson during campaign stop on the Flathead Indian Reservation in Montana.

Jackson Hoping to Mold Party Platform

By David S. Gergen
Washington Post

WASHINGTON — Jesse L. Jackson, the Rev. who is leading the Democratic Party's platform committee, will insist that the party's platform specifically pledge "on cutting social programs and increasing taxes on the wealthy."

In a position statement for what promises to be a heated negotiation, Mr. Jackson said Tuesday that he would not budge on that point.

"I must not be misled by the fact that the platform committee chairman, Governor James J. Blanchard of Michigan, expressed optimism on a meeting of the minds."

This discussion appeared to shape the outline for the debate, that is expected in forthcoming committee sessions between Mr. Jackson's supporters and other party leaders, including backers of the presumed party nominee, Governor Michael S. Dukakis of Massachusetts.

It was clear that Mr. Kirk will have no easy task engineering passage of the "brief and readable equivalent of an open letter" to American families that he has said he wants instead of another bulky platform "which Republicans quote to attack Democratic candi-

dates more frequently than Democratic candidates do to promote themselves."

Michael D. Barnes, a former congressman from Maryland, representing Mr. Dukakis, said the governor also believed the platform "can be a concise statement" of the values that all Democrats share and can "avoid listing the hopes of every group in America."

Kirk appointees, Dukakis supporters, elected officials and representatives of organized labor, all of whom now support the idea of a brief, thematic document, are expected to hold a majority on the drafting committee and the full platform committee.

Mr. Bush woo the Republican

Dukakis Sweeps Votes In 2 Primary Contests

Compiled by Our Staff From Dispatches

WASHINGTON — Governor Michael S. Dukakis has won sweeping victories over the Reverend Jesse L. Jackson in Democratic presidential primaries in West Virginia and Nebraska, strengthening his claim to the 1988 Democratic presidential nomination.

Mr. Dukakis won Nebraska by a vote ratio of more than 2 to 1 and West Virginia by a much wider margin in the primary elections on Tuesday.

The results, though expected, were another sign of the steep odds that Mr. Jackson faces in trying to stop the Massachusetts governor, widely regarded by Democrats as their party's certain nominee.

Meanwhile, on Wednesday, the former television evangelist, Pat Robertson, ended his campaign for the Republican presidential nomination and gave his support to Vice President George Bush.

"I am wholeheartedly endorsing the vice president for the job of president of the United States," Mr. Robertson said outside the White House after a meeting with Mr. Bush. He was Mr. Bush's sole remaining challenger for the Republican nomination.

The move came as President Ronald Reagan set the stage for his public endorsement of Mr. Bush on Wednesday night.

Mr. Reagan said Wednesday at the White House — with Mr. Bush nearby — "I just have a very brief announcement to make, and that is that I'll have something to say about the campaign tonight."

The president was to announce what everyone already knows at a Republican dinner Wednesday evening.

Since losing the Michigan caucuses in mid-March, Mr. Dukakis has lost only one important contest to Reverend Jackson, in the District of Columbia, while winning such major states as New York, Pennsylvania and Ohio.

Mr. Bush woo the Republican

School Dropout Rate Falls for U.S. Blacks

New York Times Service

WASHINGTON — The U.S. Census Bureau reported a significant decline in the dropout rate for black high school students over a 10-year period.

The study showed that 17 percent of black 17-year-olds were dropouts in 1985, down from 21 percent in 1975, while the graduation rate increased, from 61 percent.

"People have been working very hard to get their kids in school until graduation," said Rosalind Wiseman, a statistician who conducted the study. "There is a strong effort to graduate kids, because a good job is a high school diploma."

Another factor, she said Tuesday, was that the unemployment rate keeps kids in school.

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A Treaty in Trouble

Soviet Backsliding

A thicket of problems suddenly threatens the U.S.-Soviet pact to withdraw medium-range nuclear missiles from Europe...

The Senate is right to be concerned about what it perceives as Soviet backsliding on agreed verification procedures... The Euromissile treaty has capacious enemies in Washington as well as in Moscow...

Clarity Is Worthwhile

The sky has darkened some over Reagan administration hopes of persuading the Senate to ratify the INF Treaty before the Moscow summit starts on May 29...

Censorship in Jordan

Jordan has expelled an NBC correspondent and blocked two nationalities, including a part-time correspondent of The Washington Post...

Other Comment

Poland Needs Partnership [Poles] are not prepared for reform under their current regime. The signs of decay are everywhere...

inspectors look anywhere within the designated sites to be monitored, or only at specific buildings? May the Russians veto use of cameras during inspection?

The 10 such issues outstanding do not greatly alter American ability to verify Soviet compliance with the agreement...

Now that the issue has become serious enough to threaten the treaty, the Kremlin has every incentive to revert to the agreed language. When and if it does so, it will be the White House's turn to satisfy other problems that the Senate has raised...

Both sides have too much to gain from the Euromissile pact to let it perish now, as they prepare for the Moscow summit meeting starting on May 29...

avoid the disappointment and embarrassment of heading off to Moscow without a ratified treaty in his pocket. We hope that this will not be the case. But we also think that it is worth a good deal for the Senate to be clear about INF...

territory. The Palestinian uprising has provoked for him a double crisis, undermining his bid to reclaim lost al-Judea represent the West Bank and raising fears that its militancy would touch Jordan's own (well policed) Palestinian majority...

they are likely in view attempts toward government-labor cooperation more favorably than in 1980. The present moment is the ally of the Polish people. — Yomiuri Shimbun (Tokyo).

OPINION A Polish Opportunity Is Going to Waste One Thing Just Leads To Another

By Wlajda Pfaff

PARIS — The renewed crisis in Poland takes place at the same time that a great opportunity is being lost.

The 10 such issues outstanding do not greatly alter American ability to verify Soviet compliance with the agreement. Yet the Senate is amply justified in making a fuss.

Now that the issue has become serious enough to threaten the treaty, the Kremlin has every incentive to revert to the agreed language.

Poland is often held to be a nation doomed to suffer, a martyr nation. It has undergone wars, partition, extinction as an independent state (from 1794 to 1918), invasions, genocide (Poles were second only to Jews in the Nazi death camps)...

China is groping for a smoother way to effective development after two generations of bloody turmoil guided by a totalitarian vision. But it has destroyed both the old institutions and the new system of beliefs that provided assurance.

Thus even the dissident Soviet poet Joseph Brodsky, a Nobel Prize winner now living in New York, rises to a vigorous defense of the Soviet Union against mild charges of imperialism and colonialism from East Europeans.

By simplifying and proclaiming ideology makes the world easier to understand. But a time comes when its inability to deliver on its promises empties it of all but nostalgia for a purer, brighter vision.

The American historian Pitirim Sorokin has called Marxism a "self-organizing prophecy," and he sees Mr. Gorbachev as a kind of Martin Luther, challenging an old legitimacy corroded by failure and corruption.

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By Flora Lewis

The Pain of Change Is All the Greater

By Flora Lewis

NEW YORK — The strains of attempting a reform in Communist countries provoke reflections on political and even deeper human issues.

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By Richard W. Bulliet

One Thing Just Leads To Another

By Richard W. Bulliet

NEW YORK — The wind is blowing again across the marsh grass of Middle East politics. Patterns form and disappear deceptively.

A distinguished British diplomat with unsurpassed Middle East credentials once prefaced a talk thus: Had he predicted in 1970 that within a decade oil prices would skyrocket, the sheikhs would fall, Lebanon would erupt, Egypt and Israel would shake hands...

But every sober and responsible prediction to the contrary was OBE — overtaken by events. Being overtaken by events is the norm in 20th century Middle Eastern history.

Two many variables, too much interconnection. Middle East politics is like a three-dimensional pool game in a weightless environment.

The Iran-contra affair embarrassed Saudi Arabia and raised suspicions of American inconsistency. So when Iranian pilgrims drew their knives in Mecca, the Saudis were more inclined than they would otherwise have been to respond in a confrontational manner.

Iran reciprocated with frightening words for Saudi Arabia and Kuwait. Scrambling to repress its lost innocence, the United States agreed to escort Kuwaiti tankers and then raised the temperature of the Gulf with the naval blockade that followed the attack on the Kuwaiti tanker...

In response came the uprising in the West Bank and in Gaza. And in the fifth month of unremitting violence came three more events: the hijacking of a Kuwait Airways flight from Bangkok, an assassination in Tunis, a violent naval exchange in the Gulf. How are they interconnected?

Ever willing to believe the worst of Iran, Americans were likely to applaud the attacks on Iranian targets in the Gulf even though those attacks were incommensurate with the isolated mine explosion that tore a hole in the bottom of an American vessel.

The perpetrators of the Kuwait hijacking reinforced world horror at terrorism just as the world was urging Israel to retreat via the Palestine Liberation Organization. Resolution of the Israeli-Palestinian conflict is not everyone's interest.

The inclination of rational observers is to search for a civilized resolution of the Israeli-Palestinian dilemma, to urge all countries to maintain a steadfast front in the face of terrorism, to exert measured pressure to keep the Gulf situation from getting out of control and to work for a cessation of the carnage on the Iran-Iraq war front.

Intuition and experience suggest but do not fully reveal the firm ground beneath the summer of the warring gears. The Gulf situation remains a bonfire without a detonator, the Iranians will absorb U.S. punishment — so little compared to what they suffer from the Iraqis — and let American hawks subsidize Israel and the PLO, barring the death of Yasser Arafat.

In the face of such disorder, who can reliably counsel conciliation and sacrifice for future gain? Solidarity in such a situation lies with the Israeli right, plausibly arguing that anything offered now will be irrevocably lost, and with the Moslem activists, dependent on the growing perception that any of us deserve a chance after the failure of secular nationalist regimes and their imported Western institutions.

The writer is a professor of history and director of the Middle East Institute at Columbia University. He contributed this comment to the Los Angeles Times.

ASEAN: In Favor of U.S. Bases in the Philippines

By Noordin Sopiee

KUALA LUMPUR, Malaysia — Preliminary talks between Filipino and U.S. officials on the future of the Clark and Subic Bay bases began last month.

Realizing such a zone, a continued U.S. military presence in the Philippines is probably a necessary prerequisite for bringing it into effect. The Philippines has a unique perspective on the bases. It hears costs and burdens that are not shared by the other ASEAN members.

For Manila's five partners in ASEAN, there are sound reasons for supporting a continued U.S. presence under an improved agreement.

The Philippine voice will of course be decisive in the councils of ASEAN on the question of the bases. If Manila wants to retain an American military presence, and if statements of support from its ASEAN partners for that presence are seen as necessary in determining the outcome, there should be no doubt that every government in ASEAN will provide support.

It is true that the existence of big-power military facilities in the region would be incompatible with the establishment of a "zone of peace, freedom and neutrality" in Southeast Asia. ASEAN is committed to achieving such a zone. But without the Americans at Clark and Subic Bay, ASEAN would lack the leverage to ensure that all big-power military installations are withdrawn simultaneously.

The effect of injustices, cruelty and folly cannot be confined to blacks only. This government has made white South Africans acquainted for the first time with fear — the fear that springs from the knowledge that whether we like it or not we have become involved in an unjust system, a system that makes us the object of bitterness, resentment and hate.

We know that under Nationalist rule South Africa has been "trampling out the vintage where the grapes of wrath are stored." And that is why so many of our best young people are leaving the country and why many more are contemplating doing so.

And just as important, perhaps even more important, we white South Africans know that we have lost our repu-

Helen Suzman: Heart and Hope for South Africa

By Harry F. Oppenheimer

The following tribute was paid to Helen Suzman at a recent dinner of the Progressive Federal Party celebrating her 35th year in Parliament. Mr. Oppenheimer is a retired former chairman of the Anglo American Corporation, the country's largest mining company.

The Nationalists are patently losing faith in themselves, when their policy of apartheid is in disorderly retreat, so many white liberals should on their side lose faith in the value of the struggle they have carried on so long and so bravely, and in the validity of white politics as a whole.

Over the generation and more that this government has been in power, it has obstinately followed a disastrous policy, involving great and calculated cruelty to black and brown South Africans. And who in the long battle against all this injustice, cruelty and folly has played a part to compare with Helen Suzman?

But at this time it may also be right to remind ourselves of the incalculable damage that this long period of Nationalist rule has done in white South Africa also.

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And just as important, perhaps even more important, we white South Africans know that we have lost our repu-

How sad it is that at a time when...

100, 75 AND 50 YEARS AGO

1888: Copyright Bill

NEW YORK — The New York papers rejoice over the prospect of the passing of the Copyright Bill. The Times says: "The Bill has serious defects but also the supreme merit that it makes a conditional recognition of the rights of literary property, and provides a certain degree of protection for such property for foreign authors, which will also be accorded to our own."

1938: Brazil Revolt Fails

RIO DE JANEIRO — President Getulio Vargas led a government counterattack which yesterday morning [May 11] routed an attempted Fascist coup against the Brazil regime after nearly six hours of fighting, in which it is feared that 50 may have been killed. Over 500 rebels were rounded up. The revolt swung into action shortly after midnight yesterday, striking first at the presidential palace. Word of the revolt was spread to loyal police and army detachments, who rushed to the palace and dispersed the rebels. The rebels had simultaneously struck at the Ministry of Marine and other sites. One by one these detachments were routed.

1913: War Refugees

ADA-BAZAR, Asiatic Turkey — I have come from Broussa, visiting the villages around the head of the Gulf of Nicomedia — a country which the railway does not yet penetrate. Everywhere there are refugees from Macedonia and Thrace, most of them Macedonian. The greater portion of them are without men, so have no means of helping themselves. The Government is doing nothing for them, and in many places, having come among people as poor as themselves, they are starving. It is here, rather than on the battlefield, that one feels most the suffering of the Balkan War.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen



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OPINION

Those Who Despise Should Stay Away

By George Will

WASHINGTON — The words a skeptic wanted carved on churches — "Important If True" — should be stamped on the book in which Donald Regan says that America already has its...

when they produce memoirs featuring personality conflicts and score-settling. Mr. Regan's book, although basically an act of spite, contains material that is important — if true. Some is about astrology. Some is about Mr. Regan's lassitude. The latter is the interesting aspect of Mr. Regan's assertion that Nancy Reagan is a continuing independent power in this administration.

down... He's too relaxed when he's sitting... He's not careful. He's conversational, not presidential. If Mr. Regan is such a product of his environment, he should have taken the trouble to stock his environment with larger, better people than Mr. Deaver and Mr. Regan. Mr. Regan's book is a candid punishment for Mr. Regan, punishment for the unseriousness that he displayed when Mr. Regan, then Treasury secretary, and James Baker, then chief of staff, decided to swap jobs.

Sanguine Delegation

THE common denominator linking this administration's serious memoirists (Alexander Haig and David Stockman) with the frivolous ones (Michael Deaver, Larry Speakes and now Donald Regan) is this: All profess themselves appalled (in retrospect) by the president's easygoing passivity. But what these belatedly appalled lieutenant despise as passivity, the president sees as delegation. He trusts deputies to execute the broad lines of policy he reads so eloquently from the Tele-Prompter. It hasn't exactly worked out that way, but that's the theory.

Confidentiality is central to government's ethic of collegiality. The violation of that ethic by David Stockman, Michael Deaver, Larry Speakes and now Donald Regan may spring from a distaste of conservatism. Many conservatives despise government, and perhaps that reason disregard civilities suited to its functioning. People who despise government should not be entrusted with it. Important kinds of public spiritedness are foreign to them. You can identify them — too late —

Astrology in the White House Isn't Funny

AGLIB view of the matter holds that the First Family's faith in astrology is shared by many millions of fellow Americans. But the available evidence suggests that this isn't so, and that Mr. Regan's handlers accurately perceived that the American public would not care for horoscopes in presidential affairs.

No was the answer from 88 percent; 8 percent said yes. The survey also found a declining interest in astrology reports, with 15 percent of those questioned in 1985 saying that they read them daily or often, compared with 21 percent in 1979. Unlike the president, the general public overwhelmingly prefers methods other than astrology for making decisions.

But given Mr. Regan's long-standing interest in astrology, and the White House acknowledgment that he has relied on it for some purposes, what is the basis for confidence that he has not relied on this crackpot pseudoscience for others? The spectacle of astrology in the White House — governing center of the world's greatest scientific and military power — is so appalling that it defies understanding and provides grounds for great fright.

LETTERS TO THE EDITOR

In Praise of a Physicist

Sometimes a vision of humanity as something other than a global infection seems difficult to sustain. But your feature (April 22) on Stephen Hawking, the crippled theoretical physicist, is a reminder that excellence is attainable, that hardship is simply an obstacle and not a ready excuse for failure, and that the human spirit need not wallow in mindless terrorism and fear of the unknown.

Voting in State Elections

Sherry Buchanan's column "Overseas Voters and Fear of Local Taxes" (Living Abroad, April 26) is illuminating, but leaves the reader with the impression that all Americans overseas can vote in state and local elections. The Overseas Voting Rights Act of 1975 clearly states that Americans resident overseas can vote only in federal elections.

Letters to the Editor

message is witty and important. But it ends: "To whomsoever receives this message: Help New York City — it's strange." Mr. Safire was apparently absent from the Bronx High School of Science on the day they learned that noun and verb agree in a clause, even when the clause is the object of a preposition: "to whomsoever receives this message."

A Day at the Races

By Dave Barry

MIAMI — Recently, as a result of some unforeseeable beers, I fell behind on my work. Realizing that I needed to get caught up quickly, I decided to employ a time-management technique recommended by efficiency experts everywhere: I went to the horse races.

hattan Project, devoted to figuring out what a group of superbly conditioned, painstakingly trained and, above all, thunderingly stupid horses are going to do. And you just never know.

MEANWHILE

to Church, where I was supposed to go to a different church every Sunday and do a critique of the sermon. Dick recalls, "Naturally all my critiques came out that it was great."

I can't say I did much better, though I did pick one winning horse, using a scientific theory of handicapping explained to me by a woman named Valerie. She was part of the crowd that gathers in the saddling area to examine the horses closely, looking for little up-offs such as that a specific horse looks depressed, or appears to have an inflamed hurlong, or doesn't have the total recommended number of legs or whatever.

So we can see that Dick is no fool, which is probably why he is now the Miami Herald's racing writer, which is definitely the best job in the world. In the middle of the day Dick picks up his briefcase and walks out of the office, looking like a regular civilian on his way to engage in some responsible business activity involving his Accounts Payable, only instead he goes to the track.

This made sense, so I watched closely, and sure enough, the No. 3 horse did a No. 2, and I bet him, and he won. The only winner I had that day.

The track is a wonderful place. It is at the extreme opposite end of the life-style spectrum from the repressed little world depicted in those glossy magazine advertisements for Ralph Lauren clothing, the ones featuring old-money mega-WASPs in dark natural-fiber suits and slicked-back hair sitting on uncomfortable antique furniture and engaging in traditional WASP parlor games such as Name That Debutante. At the track, the height of fashion is to wear a shirt on which all the link marks are the same color.

I usually bet by the Name Method. For example, in the sixth race I bet the last of my allotted betting money on the 10 horse, a 25-to-1 shot named Medical Convention. My theory was that this horse was probably owned by doctors with absolutely no need for additional money, and therefore it would win.

At the track, you can smoke a bum-long spit-covered cigar and talk openly to yourself, and nobody notices. Also you can immediately get into an earnest and sincere conversation with anybody, just by pointing to your program and saying, "Whaddyathinks this (very bad word) horse here?"

While I was waiting for the race to start, a man sat down next to me, and it turned out that he had bet \$40 on Medical Convention to win. Thus we had a common interest, which we explored as follows:

At the track, of course, naked greed is socially acceptable.

Oh, the 10, definitely.
Me: Yeah.
Him: No question. The 10. Has 10! Has to win, the 10! Definitely!
Me: Yeah.
Him: I'm tellin' ya. Definitely. This 10 horse. I'm never gonna work again.
Me: No?
Him: Of course I don't work now.

At the track, the odds are less than one in 1,650,000 that anybody will mention Michael Dukakis.

Of course, Medical Convention came in about 38th, prompting me to reluctantly leave the track and return to the world of Accounts Payable, and my new friend to wander off toward the betting window, already deeply committed to a new horse. I had to envy him. Definitely.

And you never know whom you'll meet. At the Calder track outside Miami, Dick introduced me to an elevator operator named Vic Leibowitz, who happens to be the older brother of singer Steve Lawrence. Really, Vic has fond childhood recollections of taking little Steve to singing lessons. "I'd say, come on, you little (very bad word), let's go get some lessons." Vic fondly recalls.

But the best thing about the track is that you can join with thousands of other people in an intense and frenzied mental effort comparable to the Manhattan Project.

But the best thing about the track is that you can join with thousands of other people in an intense and frenzied mental effort comparable to the Man-

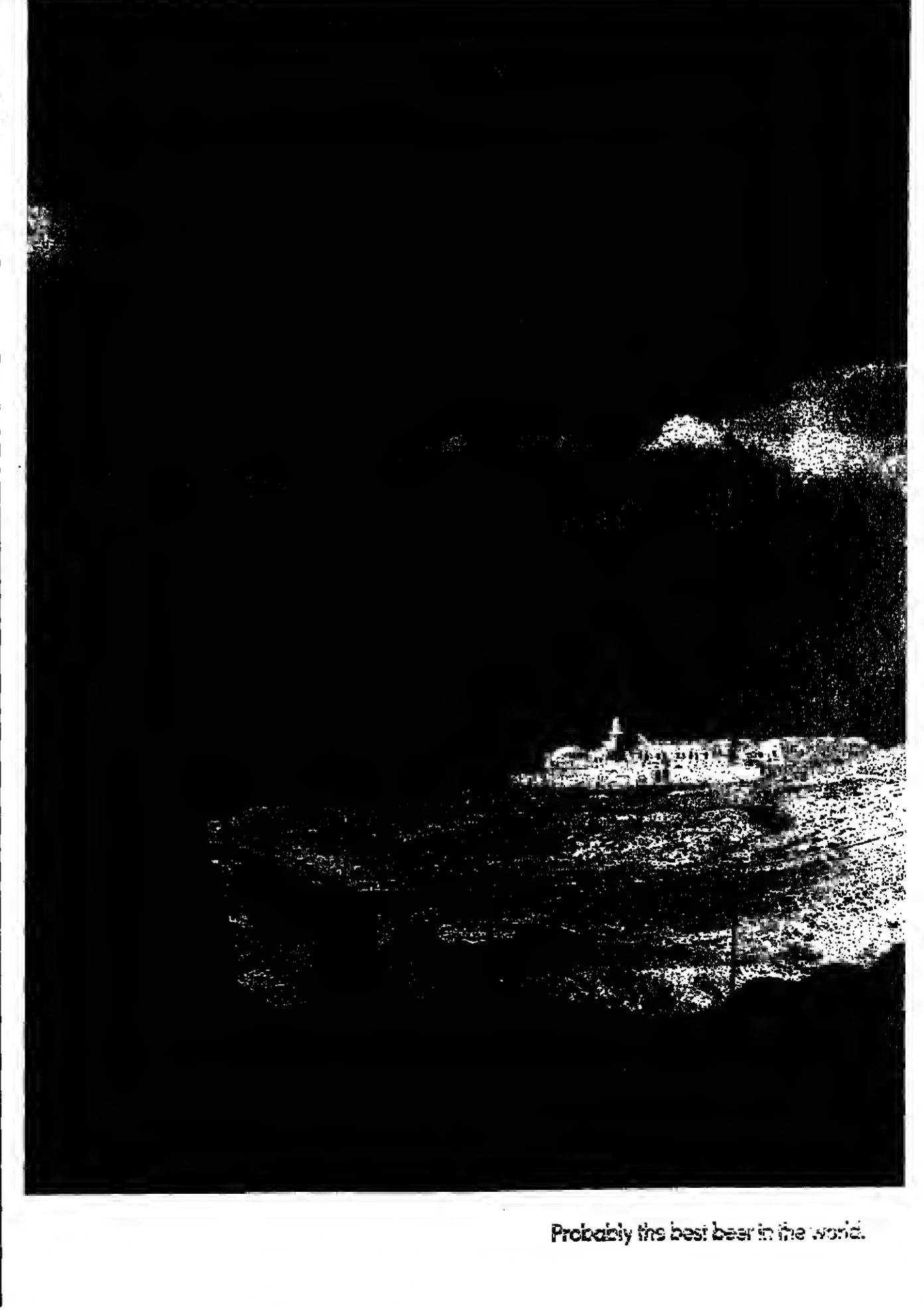
Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



One Thing Just Leads To Another By Richard W. Baker

frica

International Committee for the Safeguard of Venezia and the Great Wall THE RETURN OF MARCO POLO Beijing June 2-6 1988 A few places are still available for this extraordinary weekend in aid of two of mankind's greatest achievements



Probably the best beer in the world.

Singapore Assails U.S. Move on Envoy

By Michael Richardson
International Herald Tribune

SINGAPORE — Reacting to what it calls growing foreign intervention in its internal affairs, Singapore branded as "childish" on Wednesday a U.S. demand for the recall of a Singaporean diplomat based in Washington.

Singapore also rejected as "unwarranted interference" an expression of concern by the Australian government over treatment of political detainees in Singapore.

Since April 19, Singaporean authorities have re-arrested eight former detainees and two of their lawyers, Patrick Seong and Francis T. Seow.

The arrests were made under the Internal Security Act, which permits detention without trial of suspected subversives.

The eight were re-arrested the day after they issued a statement denying that they were Marxists and claiming that during interrogation they had been forced to make confessions under duress and prolonged psychological pressure.

They were among 22 persons detained last year for alleged involvement in a Marxist conspiracy to subvert the government.

Analysts said that the U.S. State Department's rejection Tuesday of the reasons given for the forced

removal from Singapore of a U.S. diplomat had challenged Singapore to prove its case. The government released further details of what it said was official U.S. involvement in promoting a stronger political opposition in Singapore.

The State Department also announced that the United States had asked Singapore to recall Robert H.K. Chua, a first secretary at the Singaporean Embassy in Washington. No reason was given, but a Singaporean official called the move retaliatory.

In a statement Saturday, Singapore said that it had requested the recall of Mason Hendrickson, first secretary at the U.S. Embassy, because he had encouraged lawyers to run for office against government candidates in general elections expected later this year. The government also said Mr. Hendrickson had suggested that financial support would not be a problem.

It was alleged that Mr. Hendrickson had urged both Mr. Seong and Mr. Seow to run in the elections.

The United States has agreed to withdraw Mr. Hendrickson, but denies that he acted improperly.

The published accusation against the diplomat relied heavily on a sworn statement made by Mr. Seong after he was detained and on

information from Singapore's Internal Security Department. But Western diplomats who have followed the affair said the government had not established a credible case against Mr. Hendrickson.

These sources, who asked not to be identified, said the government was trying to intimidate potentially dangerous opponents and rally the public against foreign interference.

While Singapore has good relations with both the United States and Australia, Singaporean officials have said recently that foreign powers, Western as well as Communist, constantly are searching for ways to exert influence over small countries such as Singapore.

In its statement Saturday, Singapore said that two visiting State Department officials, one of them "very senior," had taken part in meetings with anti-government lawyers arranged by Mr. Hendrickson and "apparently approved of his activities."

In a press release Sunday, Singapore said that if "these facts" were disputed, "the government will prove them, however discomfiting the exercise may be."

In Washington on Tuesday, Charles E. Redman, a State Department spokesman, said Singapore's allegations were "totally

without foundation and we must categorically reject them."

Asked whether Mr. Hendrickson had urged people to be met to oppose the Singaporean government, Mr. Redman said that Mr. Hendrickson's activities in Singapore were "entirely in keeping with normal diplomatic practice and his responsibilities as an officer of the Foreign Service of the United States."

At a protest rally of several thousand unionists in Singapore on Wednesday, Ong Teng Cheong, a deputy prime minister, said Mr. Chua was ordered out in retaliation for Mr. Hendrickson's removal.

Mr. Ong, secretary-general of the National Trades Union Congress, described the U.S. reaction as "childish" and "unbecoming of a superpower."

But a statement issued Wednesday by the Singaporean government appeared to adopt a more conciliatory tone.

Singapore, it said, "wants to get this issue over with by completing the investigations, for it shares with the U.S. government the desire to put this unfortunate matter behind us."

Singapore agreed to recall Mr. Chua "with deep regret." His withdrawal was "a sacrifice to the honour proper of the United States," the government added.

ASIAN TOPICS

Shift in School Year Under Study in Japan

Japan's Education Ministry is carefully considering whether to change the school year to a September-to-June schedule, which would bring it more in line with other industrialized countries, Patrick L. Smith of the International Herald Tribune reports from Tokyo. A ministry committee recommended in August that the school year be changed. Now a 12-member research committee, representing both education and business, will make a two-year study, including a public opinion survey.

At present, the Japanese school year begins in April, putting the summer right in the middle of it. There is a 40-day summer vacation in July and August and a winter break in December. This system has remained virtually unchanged since the Meiji era, 1868-1912. But a shift to an autumn date would ease student exchanges with other countries and help in the reintegration of the growing number of Japanese students who study abroad and return home. Until recently, such returnees were often segregated in separate schools.

The idea has met opposition within the bureaucracy. Opponents in the Education Ministry object to the estimated 100 billion yen (about \$800 million) that the change would cost.

Manila Reaches Out To Women Abroad

The Philippines is seeking to regulate what is described here as one of its most successful business—the export of women to work as household helpers, hospital and hotel workers and entertainers. Seth Mydans of The New York Times reports from Manila. President Corason C. Aquino calls them "heroes of our country's economy."

U.S. Railroads to Review Drug Testing

NEW YORK — U.S. officials will seek an immediate review of drug and alcohol testing practices by regional railroad authorities following the discovery that five employees involved in a commuter train crash last month had used drugs.

The Federal Railroad Administration released test results on Tuesday showing that an engineer killed in a crash April 6 had marijuana in his system and that a dispatcher's urine contained traces of morphine and codeine.

"This insanity has got to stop," said John Riley, head of the agency. In the last 16 months, he noted,



AN INDONESIAN PET FOR REAGAN — This Komodo dragon, a reptile unchanged since prehistoric times, is being prepared for delivery to the United States as a gift from President Suharto to President Ronald Reagan. This giant lizard is found only on Komodo Island between Sumbawa and Flores islands in the Lesser Sondas about 1,120 miles southeast of Jakarta. The lizard can grow almost 10 feet long, weigh up to 300 pounds, run as fast as a dog and live to 100.

Short Takes

More than 65,000 Chinese from Taiwan have visited the mainland since the Kuomintang government in Taipei relaxed a 38-year ban in October on travel to the People's Republic of China, the Interior Ministry in Taipei has announced. It said an additional 75,000 people have received approval for visiting the mainland via a third country. Apart from family reunions, other contacts are still banned. But after the July congress of the Kuomintang, the government in Taipei is expected to announce a further easing of contacts.

A battle against the voracious crowns of thorns starfish is being waged by the Malaysian state of Sabah on the island of Borneo. The starfish are destroying coral reefs, a major tourist attraction of Sabah's offshore islands, a home to marine life essential to 17,000 fishermen and a natural barrier to

erosion and storms. The starfish, up to 24 inches (60 centimeters) in diameter, eat the living part of the corals, called polyps. Although the starfish can be speared or snared, the most effective weapon against them is their natural enemy, the giant sea snail, or triton. The government is stepping up patrols to stop poaching of the snails by Filipino refugees, who eat them.

Police in the Indian state of Orissa, one of the least developed in the country, use carrier pigeons to keep their messages secure. The service is intended to keep the contents of the message most secret and reliable," said Communications Minister Vasunt Sathu. He had been asked in Parliament about reports that pigeons were being used in the days of express deliveries and reliable postal service.

Arthur Higbee

Seoul Urged to Boost Aid for U.S. Forces

By Peter Maass
Washington Post Service

SEOUL — The Reagan administration, facing domestic pressure to reduce military outlays, called on South Korea during high-level talks on Wednesday to increase its financial and logistical support for U.S. forces based in the divided Korean Peninsula.

Initial reaction to the U.S. request, made in a meeting Wednesday between Deputy Secretary of Defense William H. Taft 4th and the South Korean foreign and defense ministers, was favorable, officials said.

The final South Korean response is to come when Secretary of Defense Frank C. Carlucci visits Seoul next month for the annual round of U.S.-South Korean military talks.

The move, part of Washington's effort to shift more of the military spending burden onto its allies, marks the first time that the United States has made such a high-profile request to South Korea. It reflects the apparently improved ability of economically vibrant South Korea to shoulder more of the financial, and even military, burdens of defending itself against North Korea. "The Korean side is very well aware of the U.S. problems," said a

South Korean military source, referring to the Reagan administration's effort to cut military outlays as part of a broader effort to reduce the budget deficit. "We are willing to do our best on the U.S. requests, but how much or in what areas Korea can help is not yet decided."

However, Mr. Taft reportedly got a chilly response to his sugges-

underwrite security-related projects outside its own borders. South Korean newspapers, citing Defense Ministry sources, reported over the weekend that late last year Seoul turned down a confidential U.S. request for South Korean Navy vessels to participate in patrolling the Gulf, through which South Korea receives about half of its oil.

Aside from the monetary issue, South Korea apparently balked at helping out in the Gulf because it does not want to jeopardize its good relations with Iran, where thousands of South Korean laborers are at work on various projects.

According to local news reports, Mr. Oh told Mr. Taft on Wednesday that "short-sighted judgment" aiming for "rapid change" could upset bilateral ties.

Many political analysts say the U.S. bid to increase South Korea's role in common defense programs could backfire if Washington is perceived as pushing too hard for too much. The image of the United States bullying a smaller and poorer ally could bolster the rising tide of anti-Americanism, experts warn.

Mr. Taft, speaking to reporters just before leaving for Tokyo to hold similar negotiations with top

Japanese officials, said he had asked the South Koreans to increase their spending for construction of new military facilities.

Although Mr. Taft did not give specific figures, the South Korean military source said the United States wants Seoul to nearly double its military construction budget to \$60 million annually from \$34 million.

According to a U.S. official, South Korea directly spent nearly \$287 million last year to support the U.S. military presence, while providing more than \$1.5 billion in indirect subsidies, such as tax-free use of public land throughout the country. The United States, for its part, spends more than \$1 billion in South Korea, a figure that does not include the salaries of the 43,000 troops based here, the official said.

The South Koreans are reportedly seeking increased military-technology transfers from the United States, although Seoul is not presenting the request as a pre-condition for boosting financial aid, sources say.

Unlike the U.S. allies in NATO, who face low economic growth and are unable or unwilling to shoulder more of the military tab, South Korea has a booming economy.

A century ago, the cash register was the first piece of transaction processing equipment available to the businessman; ours were the first in a long line of innovative retail products.

One hundred years in the vanguard of retail technology give us an unrivaled heritage and impeccable credentials; in fact, we have customers today who've been with us since the beginning.

That's partly because we were at the forefront of developments in retailing which are now taken for granted — such as self-generation languages and UNIX* based systems enable us to suit all retailers' requirements, both now and in the future — thus protecting their investment in software, hardware and staff training.

It's partly because we deliver solutions — integrated systems, not just pieces of equipment — backed by high levels of reliability, service and support; an approach that enables our customers to improve the standard of service to their customers.

However, it's mostly because nobody understands the needs of the retail market as well as we do.

Retail systems from NCR — yet another example of 'creating value' through superior technology.

As we said at the start, what's new?

service stores, scanners and electronic funds transfer.

It's partly because leading-edge computer technologies such as fourth

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Millions of Mozambicans Flee Rebels' Brutal War

By James Brooke
New York Times Service

RIBAUE, Mozambique — When the East African sun sinks below the savannah, workers at a cotton mill here vanish into the invisible shadow of a brutal rebel group that has reduced this town and this land to dependence on foreign charity for survival.

The rebels belong to the Mozambique National Resistance Movement, or Renamo, an anti-Marxist guerrilla force that, according to a recent State Department report, has killed at least 100,000 people and forced almost a million more to become refugees.

Fleeing the insurgency, millions of Mozambicans have won some measure of security in an archipelago of government-held cities and towns.

"We sleep without sleeping," said Amilcar Xavier Veloso, the mill's manager, who no longer dares to sleep in company housing. "We hear a shot and we're off and running."

Labeled *bandits* by Mozambique's government, the rebels commonly attack around dawn. In September, they burned a warehouse and blew up a cotton gin. In October, they burned four railroad wagons filled with cotton bales. In November, it was the cotton buy-

er's jeep. In February, they came closer, sacking company offices and Mr. Veloso's residence.

The State Department report in mid-April lent credence to what many Mozambicans say they already knew: that Renamo has built

forced 870,000 Mozambicans to flee their country and 1.1 million more to leave their farms for the safety of cities.

In 1987, the Trade Ministry said, Mozambican farmers were able to meet only 6 percent of the grain

administrative building, its stucco walls split open by a bazooka, the Mediterranean orange tiles of deserted cotton plantation buildings: the dark green, overgrown squares that once were productive fields, and the rusting ribbon of rail lines

young, black-ruled neighbor in chaos.

In 1976, a year after Mozambique became independent, Rhodesian intelligence agents created Renamo by recruiting former members of the Portuguese secret police, deserters from Mozambique's new army and petty criminals.

The movement's first leader, André Muzungu, and its current leader, Afonso Dhlakama, were both cashiers from the Mozambique Army on their charges.

Initially, the rebel movement's mission was to gather intelligence on black nationalist guerrillas seeking majority rule for Rhodesia and to harass Mozambique's young Marxist government. These days, the rebels seem to have no political vision.

In recent years, Renamo has won some foreign backing by issuing manifestos in favor of free enterprise. But this political overlay rarely seems to reach its soldiers in the field.

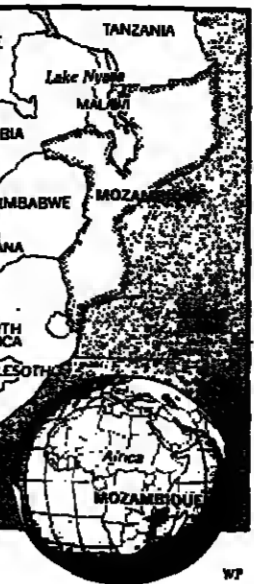
The group also benefited from a series of blunders committed by the Mozambique government in its early years.

At independence, about 90 percent of the colony's 250,000 Portuguese settlers left, many to neighboring South Africa. The new leaders made virtually no effort to win back this bitter exile group.

Some Portuguese remain die-hard opponents of the Mozambique government.

When independence came, 93 percent of Mozambique's African population was illiterate. The departure of the Portuguese led to economic collapse. Into the vacuum stepped Frelimo, a guerrilla group with a vision of a Marxist Mozambique that one day would become the first African member of Comecon, the Soviet-dominated, East bloc economic union.

Portuguese-speaking Frelimo operatives, who generally had a better command of Marxism than of local tribal languages, brought revolution to a conservative countryside. Churches were closed and tradi-



Botha's Party Suspends Anti-Apartheid Mayor

By William Claiborne
Washington Post Service

JOHANNESBURG — The mayor of Durban, the third largest city in South Africa, has been suspended by President Pieter W. Botha's ruling National Party for refusing to support the government's apartheid policy on the beaches.

The mayor, Henry Klotz, who shook the political establishment in December by opening all but two of Durban's whites-only beaches to blacks, said Wednesday that he would rather leave the party than rescind his decision to integrate the Indian Ocean beachfront.

"If we are to succeed in becoming a truly 21st-century cosmopolitan city," Mr. Klotz said, "the policy of open facilities must be pursued." He made the statement after the Natal Province branch of the National Party informed him that he faces expulsion.

Mr. Klotz said that the provincial party leader, Home Affairs Minister Stoffel Botha, telephoned him in December and asked, "How dare you take it upon yourself to open Durban's beaches?"

He said he received the suspension order, which could lead to his expulsion from the party's national membership rolls, this week.

The issue transcends party politics in Durban, which along with Cape Town is one of South Africa's two largest tourist attractions.

The city has an official population of 750,000, of whom only 185,000 are whites. But the total does not include an estimated 1.5 million blacks who live in squatter camps surrounding the city.

The white-supremacist Conservative Party won increased majorities in three key parliamentary by-elections in the Transvaal in March, partly on a campaign of opposing beach integration in Natal.

Last May, the Conservatives became the largest opposition party in Parliament, and since then have attempted to force Mr. Botha's

government to retrench on its cautious program of incremental reform of the country's apartheid system.

President Botha has supported a policy of giving communities the option of integrating some beaches, but he maintains that others should be reserved exclusively for whites on the principle of "group rights."

His position on beach apartheid attracted national attention last year when the Reverend Allan Hendrikse, the leader of the mixed race Labor Party, made a highly publicized swim at a whites-only beach in Port Elizabeth.

The president was furious at what he regarded as an attempt to embarrass him and he demanded — and got — an apology from Mr. Hendrikse, one of two nonwhite ministers without portfolio in his cabinet. Mr. Hendrikse later resigned from the cabinet.

Police Seize SAM Missiles
John D. Battersby of The New York Times reported from Johannesburg.

The South African government said Wednesday night that the police had arrested four whites suspected of being African National Congress guerrillas and had seized the biggest-ever consignment of weapons inside the country.

The arms cache included the first SAM-7 ground-to-air missiles captured by the police inside the country. There were also limp mines, hand grenades, mortars, explosives and small arms of Soviet origin.

The four whites, said by police to range in age from 20 to 30, were arrested 12 miles west of Pretoria on Sunday. The police said it was also the first direct confirmation that anti-apartheid guerrillas, who have their headquarters in Zambia, are in possession of ground-to-air missiles.

The police said the four suspects, three men who are all South African citizens and a woman of foreign nationality that spokesmen declined to specify, had formed a "highly specialized terror unit."

Business Visa Requests Up Sharply In U.S. as Global Economy Grows

By Greg Johnson
Los Angeles Times Service

SAN DIEGO — When Pulse Engineering recently decided to bring an executive at its Irish subsidiary into its headquarters here for an extended period, the company's personnel director, David Diagne, joined the growing number of corporate executives who are placing telephone calls to immigration lawyers.

In 1986, the U.S. Immigration and Naturalization Service issued 66,925 visas to professionals who already work in their native countries for companies affiliated with U.S. corporations — more than five times the 12,570 "intra-company transfer" visas issued in 1975, according to Interpreter Releases, a Washington newsletter.

The Immigration and Naturalization Service has witnessed equally stunning growth in the number of foreign professionals who apply for temporary work visas that enable them to take jobs offered by employers in the United States and work for up to six years. The agency issued 54,426 visas to foreign professionals in 1986, up from 15,550 issued in 1975.

Most of those visas were issued to citizens of countries that have strong business links to the United States, according to immigration service data surveyed by Interpreter Releases. In 1986, British professionals were issued 9,800 temporary visas; Canadians, 6,144; Mexicans, 3,200, and Japanese, 2,086.

The demand for temporary employment visas has grown in step with the increasingly international nature of the U.S. economy, according to Stephen Yale-Loehr, a former immigration lawyer with a Washington law firm who is now an associate editor of Interpreter Releases.

Professionals employed by foreign subsidiaries of U.S. companies still account for a hefty percentage of intra-company transfer visas issued by the immigration service, Mr. Yale-Loehr said. But increasingly, intra-company transfer visas are being issued to foreign executives who enter this country in order to manage newly acquired U.S. companies.

And temporary visas, which typically can be obtained in a matter of months, have grown in popularity as backlogs for permanent employment visas have increased to as long as six years, Mr. Yale-Loehr said. Temporary visas also are easier to obtain because there are no quotas and an need to prove that the foreign worker will not displace a qualified U.S. citizen. All that is required is that the applicant prove that he or she is a "professional" as defined by the immigration service and has a job waiting.

Foreign professionals who obtain temporary visas can immediately apply for a permanent visa, according to Robert Cane, an immigration attorney with the San Diego law firm of Luce, Forward, Hamilton & Scripps. But it is generally more difficult to obtain a

permanent visa because the immigration service guidelines for permanent visas are more restrictive than for temporary visas, and annual quotas limit just how many permanent visas are issued.

The examiners who process visa requests work at four regional offices, including San Ysidro, California, which handles requests from several western states, and Burlington, Vermont, which handles applications for much of the East Coast.

The immigration service purposely selected those out-of-the-way locations to keep immigration lawyers from pressuring staff members, Mr. Yale-Loehr said. Initially, "no one even knew the telephone numbers" of the four centers, he said.

"We've decided that we can be more effective if we put them into a situation where they'd have no phone calls, no interruptions," said Cliff Rogers, the immigration service's deputy district director in the San Diego office. "We've found that our limited resources go much, much further that way."

"Typically, the applications can be handled in just minutes, but increasingly, they are more complex, which is why we have specialists handling them," Mr. Rogers said.

"Those regional locations were supposed to speed the process up, but as it stands, they may have only 10 or 12 minutes for each petition that we spend weeks and weeks putting together," Mr. Cane said.

Pollution of Alaska by Oil Industry Is Worse Than Expected, Study Says

By Philip Shabecoff
New York Times Service

WASHINGTON — An unreleased preliminary report by officials of the Fish and Wildlife Service says oil development in northern Alaska has caused far more environmental damage than the government predicted.

The report, whose findings are a subject of dispute within the agency, says development of the Prudhoe Bay oil field and the Trans-Alaska Pipeline has been on a substantially greater scale than was envisaged in the government's environmental impact statements, prepared before the projects began 16 years ago.

Partly as a result, it concludes the projects have created substantially more air and water pollution and destroyed significantly greater amounts of wildlife habitat.

Among the report's findings are that 11,000 acres (about 4,450 hectares) of vegetation used by wildlife at Prudhoe Bay have been lost, almost double what was predicted, and that most bird species in the area have declined in population,

as have bears, wolves and other predators.

Lawmakers and environmentalists said Tuesday that the report, prepared at the request of Representative George Miller, Democrat of California, could have a significant effect on the legislative debate over whether to open the Arctic National Wildlife Refuge, just to the east of Prudhoe Bay, to oil exploration. Environmentalists and some officials favor protecting the refuge as a wilderness area.

A number of legislators also said the report showed how environmental impact statements, required under the National Environmental Protection Act as a means of assuring that government activities are environmentally sound, could seriously underestimate the potential damages of huge development projects.

Mr. Miller asserted Tuesday that the Interior Department, the wildlife agency's parent, had deliberately suppressed the report because it was damaging to the Reagan administration's efforts to quickly open the arctic refuge to oil exploration and development.

Philip Million, a spokesman for the Fish and Wildlife Service, denied that the report had been suppressed for political reasons. He said that it had not been released because of a disagreement between two of the agency's offices about the validity of its conclusions.

Although the report was completed last December, Mr. Miller was given only a brief summary then by the Fish and Wildlife Service, an account that, he said Tuesday, did not even begin to describe the problems listed in the full 86-page report. But he, Senator William V. Roth Jr., Republican of Delaware, several environmental groups and The New York Times obtained copies of the document this week through unofficial channels.

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SCIENCE

Cable Design of Bridges Under Fire

By James Gleick

New York Times Service

A FUROR has erupted in the world of bridge engineering over the long-term reliability of a design that has come to dominate the modern generation of great bridges, all but replacing the traditional suspension bridge.

Two experts have conducted an international survey of these new bridges, known as cable-stayed bridges, and they say that their inspections revealed widespread corrosion — premature and potentially dangerous — in the cables that hold up the roadways.

"There's a cancer in these bridges," one of the experts, Stewart C. Watson, said in an interview. Last Friday, he told a group of experts on bridge safety in New York. "After looking at 100 of these bridges, we're scared to death."

In West Germany, where the cable-stay design was invented, bridges that were meant to last for many decades have had to be shut

down so that corroded cables could be replaced. "We were just shocked to see, with bridges, 4 to 10 years old, with tremendous corrosive degradation of the primary cables," Mr. Watson said.

American bridge designers, however, accuse Mr. Watson and other critics of exaggerating the problems. They say that cable-stayed bridges in the United States, where a half dozen have been built since 1971, use improved technologies that provide ample protection from corrosion.

The questions about this new generation of bridges arise at a time when local and regional governments around the world are struggling with the expensive problem of repairing or replacing older bridges whose useful lives have been cut short by the deferral of routine maintenance.

More than 200 of the world's largest bridges — nearly all of the large bridges built in the last two decades in Europe, North and South America and Asia — use the cable-stay design.

The roadways of suspension bridges are held up by vertical cables attached to main cables that hang in an arc between the supporting towers. By contrast, cable-stay bridges use cables that fan downward directly from the towers.

Since the aftermath of World War II, when West German engineers began using cable-stayed bridges to replace the Rhine crossings destroyed by bombing, they have been constructed wherever engineers needed to support a span of about 700 to 2,200 feet (longer spans, suspension bridges are still better, mainly because cable-stayed bridges require taller towers).

Mr. Watson and a colleague, David Stafford, have published their assertions in Civil Engineering, a professional journal of the American Society of Civil Engineers.

Most of the world's cable-stayed bridges, they wrote, "are in serious danger because corrosion is attack-

ing their cables." To protect against corrosion, designers have used a variety of techniques, they added, "and nearly all those methods have failed to one extent or another."

They emphasized that they are not challenging the cable-stay design; they believe it will continue to be the design of choice for all but the very longest bridges. But they say that a remedy must be found for the corrosion and that the costs will be far greater than expected.

A German bridge designer, Ulrich Finsterwalder, supports the assertions of Mr. Watson and Mr. Stafford. Because of the special configuration of cable-stayed bridges, he said, their cables can suffer excessive vibration. That leads to metal fatigue, making the cables especially vulnerable to corrosion from water or polluted air.

"These modern cable-stayed bridges have not a long life, and that is a very serious problem," Dr. Finsterwalder, who is now retired, said from Munich.

Other experts vehemently dispute this. "It's ridiculous," said Eugene Figg of Figg & Muller, a Florida firm that has designed many cable-stay bridges in the United States and abroad. "We take all the precautions that are necessary."

Several designers said that Mr. Watson and Mr. Stafford were unqualified to assess the safety of the bridges, since neither is an engineer. They are longtime executives of construction and manufacturing companies in the bridge industry, and they say they became concerned about cable-stayed bridges "by accident."

Particularly in West Germany and France, Mr. Watson and Mr. Stafford have documented serious problems of corroded wires. For example, all of the cables of the Kohlbrand Estuary Bridge in Hamburg, built in 1981, had to be replaced three years later after corrosion was accidentally discovered.

A recent inspection of the Kurt Schumacher Bridge, the main Rhine crossing at Mannheim for both automobile and rail traffic, found 2,500 individual breaks in its corrosion protection system. The bridge, which is just 17 years old, requires a complete renovation at enormous cost.

Cable-stayed bridges in the

United States have avoided the most serious European problems, designers say. The federal government requires that they be built in a way that allows individual cables to be replaced when necessary without jeopardizing the entire structure. That lessens the risk of a catastrophic collapse when one or a few cables fail, and it makes repairs more practical.

The federal official responsible for bridge engineering, Walter Podolny of the Federal Highway Administration, said that European bridges of the 1950s and 1960s used an especially short-lived method of corrosion protection that was never adopted for the American bridges.

"I'm unaware of any corrosion problem with cable-stayed bridges in the U.S.," Mr. Podolny said. "Certainly what Watson has said is not untrue, but in my opinion he's come on too dramatically."

Corrosion protection systems vary. On most recent cable-stayed bridges, the cables are surrounded by cement grouting and enclosed in polyethylene plastic pipe.

The survey by Mr. Watson and Mr. Stafford has found many instances, even on recent American bridges, of cracked protective pipes and worn tape. Because of the wrapping, they argue, it is impossible to tell whether the cables have begun to corrode.

The chemical processes of corrosion are closely interwoven with the physical processes of metal fatigue, a weakening of metal that develops from repeated stress. The connection is poorly understood, though.

"Fatigue is really one of these unsolved problems of classical physics, along with turbulence," said Francis C. Moon, of Cornell University.

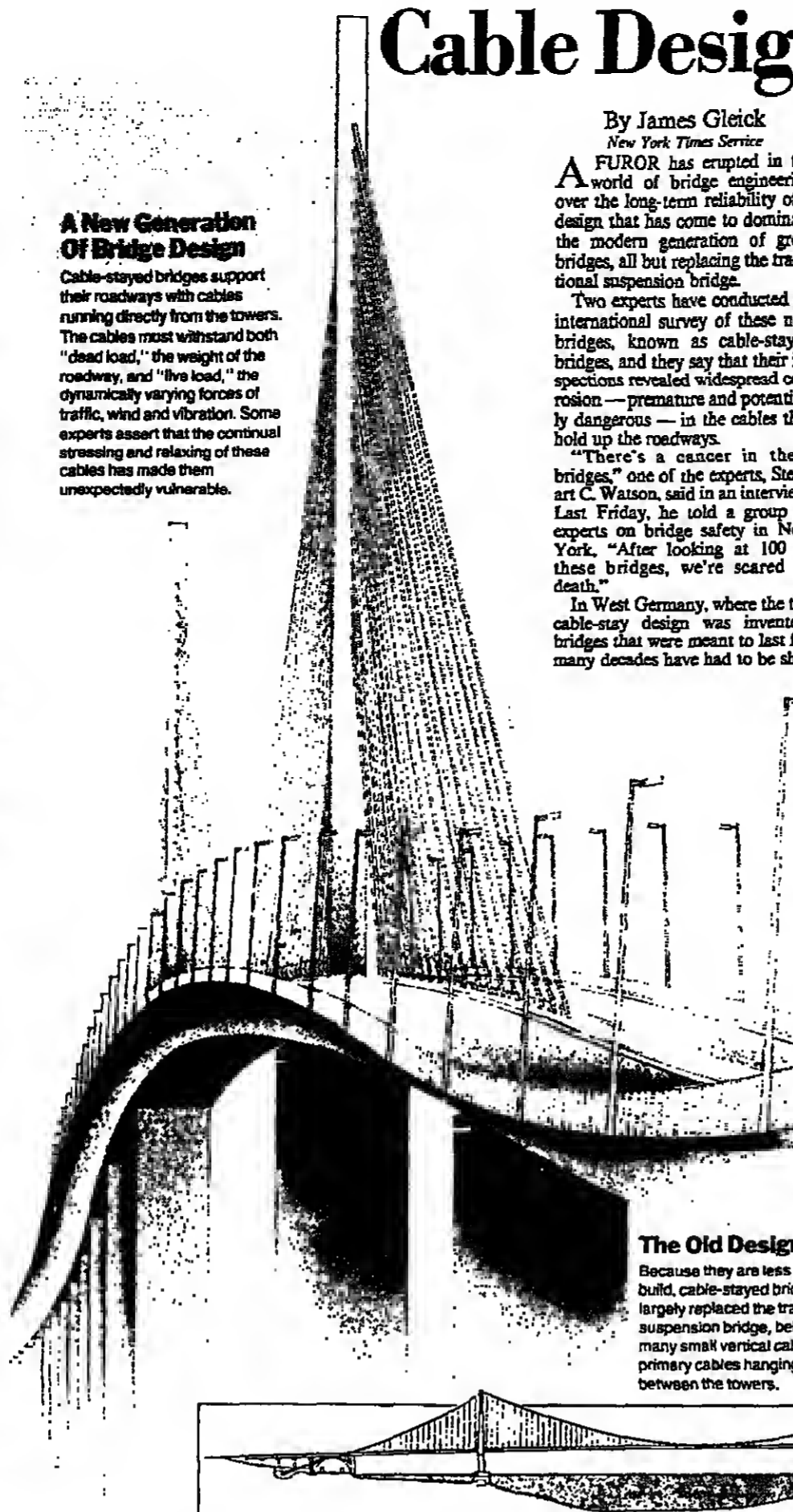
One element of fatigue is the growth of microscopic cracks within the metal. The cracks can enlarge and join to form larger, visible cracks, and they can also promote sites for corrosion by water, salt or other chemicals.

The Transportation Research Board, an arm of the National Academy of Sciences in Washington, has commissioned a study intended to provide guidelines for calculating the needed strength of cables on cable-stayed bridges. Fred Lyon, a Gill of Acme Freeman Firm, an engineering firm in London, who is heading the study, said that he considered some of the criticism of cable-stayed bridges to be "alarmed." The design has generally proved sound, he said.

For now, though, he said, no consistent standards exist, especially when it comes to predicting the effects of metal fatigue.

A New Generation Of Bridge Design

Cable-stayed bridges support their roadways with cables running directly from the towers. The cables must withstand both "dead load," the weight of the roadway, and "live load," the dynamically varying forces of traffic, wind and vibration. Some experts assert that the continual stressing and relaxing of these cables has made them unexpectedly vulnerable.



The Old Design

Because they are less expensive to build, cable-stayed bridges have largely replaced the traditional suspension bridge, below, which uses many small vertical cables attached to primary cables hanging in an arc between the towers.

Adolph Brossmer

IN BRIEF

Liver Disease Virus Isolated

EMERYVILLE, California (NYT) — Scientists at a California biotechnology company reported Tuesday that they had isolated an elusive virus that causes liver disease in thousands of people who undergo blood transfusions each year.

The scientists, at the Chiron Corp., said their work should allow them to develop a test that could be used to screen donated blood and greatly reduce the chance of contamination. The work, which used techniques of genetic manipulation to study the genetic code of the virus, could also lead to a vaccine against the disease, hepatitis non-A, non-B.

At a news conference at corporate headquarters here, Chiron's chairman, William J. Rutter, said the company hoped to have a screening test for antibodies to the virus ready for clinical trials by the end of the year.

A Treatment for Unpigmented Skin

WASHINGTON (UPI) — Adapting a technique used to make skin grafts for burn patients, scientists have found a better way to treat vitiligo, or patches of unpigmented skin.

At a dermatology conference here, researchers from the University of Texas Medical Branch in Galveston described the technique for restoring pigment production to the colorless patches of skin that form when a patient's melanocytes — or pigment-producing cells — are destroyed.

The scientists, led by Miriam Brysk and Dr. Richard Newton, attributed the success to the special nutrient mix, called MCB-153, in which patients' cells were cultured.

A Vaccine Disappointment

NEW YORK (NYT) — Long-awaited tests of two relatively new vaccines against pertussis, or whooping cough, have shown that they are quite safe but not as effective as experts had hoped. Disappointed researchers said more studies would be needed. Moreover, surprising aspects of the results have forced scientists to reassess some assumptions about how these and other vaccines against bacterial diseases work.

The new vaccine study, carried out in Sweden and reported in The Lancet, is the largest and most scientifically rigorous trial of whooping cough vaccines in recent years. It tested two made in Japan — one already widely used there, the other experimental — in about 4,000 children.

Earlier, smaller studies indicated that the newer Japanese vaccines were as effective as the ones used for decades in the United States and many other countries against pertussis, which is characterized by sudden attacks of coughing, ending in prolonged whooping respirations.

Fatigue Linked to Mental Illness

WASHINGTON (WP) — More than half of the people who said they suffered from chronic fatigue actually had undiagnosed mental illness, researchers from the University of Connecticut Health Center in Farmington reported.

For some time, researchers have suspected that Epstein-Barr virus, which causes mononucleosis, was the primary cause of chronic fatigue, the fourth most common complaint voiced by patients seeing an internist and the seventh most common among patients seeing a family doctor.

The three physicians conducting the Connecticut study found that only 15 percent of their 100 subjects showed any signs of EBV infection. All the patients with signs of EBV infection also suffered a mental illness. "We found no patients considered ill just because of Epstein-Barr," said research leader Dr. Peter Mann. Problems in diagnosis may be due to the fact that patients complaining of chronic exhaustion are "unable to vocalize their feelings of depression or anxiety," researchers reported.

Chewing Gum and Cavities

WASHINGTON (WP) — Conventional wisdom says chewing sugarless gum is better at preventing cavities than chewing gum containing sugar.

But a new study at the University of Iowa College of Dentistry concludes that sugared gum, if chewed long enough, has the same effect as sugarless gum in neutralizing the bacteria-created acids that cause tooth decay.

Without chewing gum after a meal, the researchers found, acid remained at levels high enough to cause tooth decay. The key, Wefel said, is to chew the gum for at least 20 minutes.

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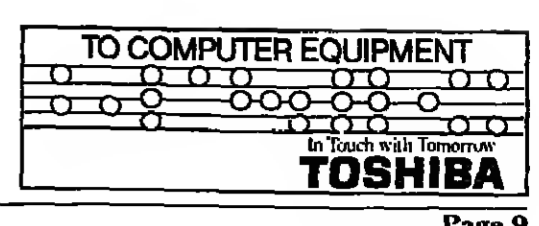
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THURSDAY, MAY 12, 1988

INTERNATIONAL MANAGER

For Expatriates, Equal Pay Abroad, If Not Back Home

By SHERRY BUCHANAN International Herald Tribune LONDON — Why should a Filipino manager working in Lagos earn less than an American colleague with the same job, same title, same seniority, in the same city?

Managing a multinational team is a difficult enough job as it is without money grudges getting in the way. Tension, frustration and anger can build up when people of the same rank working for the same management team do not have the same standard of living, simply because one is from the Philippines, where salary levels are relatively low, and one from the United States, where they are relatively high.

Some European multinational companies that employ large numbers of expatriates, like Royal Dutch/Shell Group, Unilever and British Petroleum Co., find that it is most important to give peers in the same location a similar standard of living no matter what their nationality. For instance, workers from Toronto, Paris, Singapore and Manila all receive the same local pay package in Oman, although the part of the salary paid in their home countries may differ widely.

British Petroleum introduced a new expatriate pay system two years ago. Alan Chesters, BP's manager of international personnel, said, "Under the old system, there were huge differences between an American and a New Zealander, who were peers and were working in a third country." Under the new system, "all expatriate peers have the same money to spend in Nigeria, for example."

Fred Fiker, director of international compensation consulting projects at Organization Resources Counselors Inc. in New York, said, "It's a good way to remove potential discontent and upset on the part of expatriates of different nationalities as long as the company clearly keeps a separately identified home base salary." These expatriate pay systems differ among multinationals and are costly and complex to administer. But, the companies argue, they are worth it because they do not inhibit people from freely accepting transfers.

"The prime consideration is international mobility," said Mr. Beaton of Shell. A British-Dutch company, Shell has 4,500 expatriate managers, 25 percent of whom are neither British nor Dutch.

IMPERIAL CHEMICAL Industries PLC's new expatriate pay package shows less concern about putting colleagues of different nationalities on the same footing than in giving managers incentives to move from countries with higher salary levels to countries with lower levels. Examples would be moving Americans to London, or Swiss managers to Spain.

For many companies, depending on the job location and the remuneration system used, 55 percent to 75 percent of the income for expatriate peers is the same. "The day-to-day spending on goods and services is common among expatriate peers in the same location so that it doesn't matter whether they are Swiss or Filipino," says David Beaton, head of expatriate compensation and development for Shell International in London. "Expatriate peers also have common incentive pay and hardship pay expressed as a percentage of a Dutch salary base."

"But there is an element of their expatriate pay package linked to their home countries. That's the bit out of which the expatriate meets average home country commitments, which include retirement benefit plans, long-term savings plans and home-country housing."

Next: Expatriates versus locals.

Shell Net Climbs By 18%

Quarterly Profit At £822 Million

LONDON — Royal Dutch/Shell Group said Wednesday that its profit rose 18 percent in the first quarter, to £822 million (\$1.54 billion), from £694 million a year earlier, despite a fall in crude oil prices. The higher earnings for the British/Dutch oil giant, compiled on an historic cost basis, came on a 5.1 percent fall in revenue, to £13.63 billion from £14.37 billion in the year-earlier period.

On a replacement-cost basis, which excluded the lower value of the company's inventories of crude, profit rose 49.5 percent, to £900 million from £602 million. Analysts say that judging earnings on this measure provides a clearer picture of the company's operations.

The earnings were largely as expected, and shares of Shell Transport & Trading Co., the oil concern's British arm, initially rose slightly. Reflecting an overall decline in British stock prices, however, the shares closed at 1,040 pence on the London Stock Exchange, down 2.5 pence.

Oil analysts at the London brokerage Smith New Court had forecast historical profit of £830 million and replacement-cost earnings at £910 million.

"Once again Shell has shown us what it can do despite a fall in the price of crude," said one London analyst. "I think there will be a few brokers upgrading their full-year profit forecasts slightly on the back of this result."

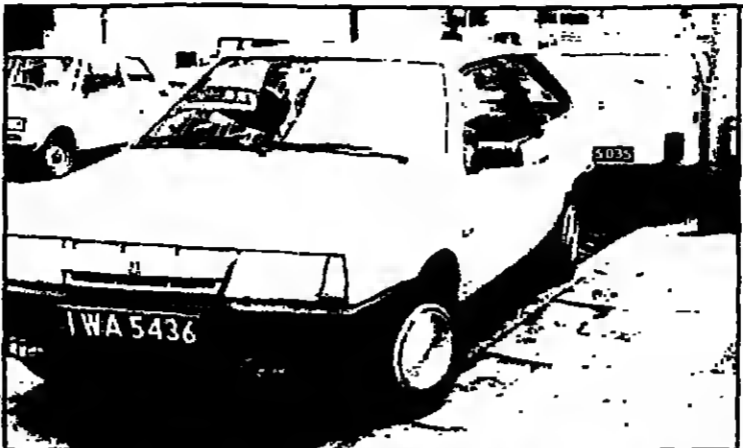
Jeremy Elden, an oil analyst at Phillips & Drew, noted that the historical profit of £822 million included a gain of £106 million from the sale of a property in Hong Kong, and a lower exchange rate loss of £24 million from £96 million the year before.

The company said exploration and production earnings fell 22 percent, to £370 million, from the first quarter of 1987, mainly due to lower crude oil prices, reduced natural gas sales and the strengthening of the British pound against the dollar. Oil prices are denominated in dollars, so translation of these earnings into sterling depressed profit.

Manufacturing, marine and marketing earnings, however, rose 11 percent, to £292 million. Helped by the lower oil prices, earnings from chemicals more than doubled, to £232 million.

Shell said the outlook for exploration and production earnings depends on whether the increases seen in crude oil prices since early March can be sustained, despite the market's recurring volatility.

Shell said it expected its crude oil production to remain broadly at current levels and that natural gas sales would show the usual summer decline because of reduced demand for heating.



The new Lada Samara. The Soviet Union is investing billions of rubles to upgrade its car industry.

Table titled 'Who Owns a Car?' showing car ownership statistics for various countries.

East Bloc Car Makers Turn to West Industry, Eying Trade Potential, Seeks a Major Upgrade

By John Tagliabue New York Times Service WARSAW — Every Sunday morning, several acres of an old military airfield west of this city become, for a few hours, its most active automobile salesroom.

At what looks more like a county fair, with hot charcoal grills wafting the scent of browning kiebasa, potential buyers browse among dumpy little Polski Fiats, new Mercedes Benz sedans, or the occasional old Pontiac or Chevrolet that has been brought into the country by migrant workers.

That is more than they can do downtown at the official state-run auto dealer, where there are no cars but only posters of those available: generally Polish and other Eastern Bloc models and, possibly, one or two Japanese models. Nor is there instant delivery; as in other Eastern

Bloc countries, buyers often must wait months, even years. But all this may be about to change: Throughout the region, there are signs that Communist officials are trying to modernize the industry with an eye toward increasing the quantity and quality of cars at home and obtaining Western currency by exporting others.

Their interest has caught the attention of Western automakers, particularly the Western Europeans and Japanese, who appear to be practically tripping over each other in hotel lobbies here as they compete for shares in the market.

Consider the following: In Poland, authorities late last year signed a \$500 million agreement with Fiat SpA to produce a zippy subcompact that should be available within a few years, replacing the stodgy and inefficient Fiat 126 model that is the car most commonly found on Polish roads.

Fiat and Daihatsu of Japan have been bidding against each other in intermittent negotiations with Polish authorities in an assembly a medium-sized car.

In Hungary, the authorities have been talking with Suzuki of Japan about a plant that would

See EAST, Page 11



The Polish Fiat 126

U.S. Banks Start Year With a Healthy Rebound

By Leslie Wayne New York Times Service NEW YORK — If the first quarter is any indication, this should be a very good year for U.S. commercial banking.

The nation's biggest banks rebounded with healthy earnings in the quarter, their financial results indicate, after suffering in 1987 when they established huge reserves against Third World loans.

The banks benefited from belt-tightening, moderate interest rates and gains in the trading of securities — trends that most analysts expect to continue.

"The first quarter is a good harbinger of the year, assuming moderate interest rates and continued good economic growth," said George Salem, an analyst at Prudential-Bache Securities.

Twelve of the United States' 15 largest bank holding companies reported sizable gains from the 1987 first quarter. The largest, Citicorp, reported a 34 percent rise in income, while Chemical New York Corp. had a 23.4 percent

rise, J.P. Morgan & Co. was up 24 percent and Chase Manhattan rose 23 percent when a large one-time gain was excluded.

The lone exception was First Republic Bank Corp., where earnings fell 46 percent. It was created last year from two troubled Dallas banking organizations and received a \$1 billion infusion from the Federal Deposit Insurance Corp. Last month, Albert Casey, former chairman of American Airlines, became the bank's new head amid a management shake-up.

But for the rest of the big banks, the first quarter saw an improvement in loan quality, as well as an increase in income from fees and securities trading and the effects of cost-cutting programs that began last year, when the biggest banks turned in the worst performance since the Depression.

Last year's results were hurt by a decision by many banks to establish reserves against their loans to developing countries and to restructure many of their operations.

"First-quarter earnings were generally strong" this year, said Thomas H. Hanley, man-

aging director at Salomon Brothers. And Robert Albertson, an analyst at Goldman, Sachs & Co., said that "the core trends are improving."

Big money-center banks are expected to continue to show the benefits from cost-control programs, and strong regional economies should aid regional banks. "The United States economy is still doing well," said Ronald Mandel, an analyst with FaineWebber Inc. "That helps the banks."

The key, Mr. Hanley said, will be the future direction of interest rates, though earnings throughout 1988 may show the effects of one-time gains, such as the sale of assets or the recognition of tax benefits.

"We believe the rate of growth in core earnings could slow if short-term interest rates begin to rise," Mr. Hanley said. A rise in interest rates hurts banks if their cost of money increases faster than they can raise loan rates.

The improved profitability in the quarter came mainly from the banks' core businesses. Cost-control programs begun in 1987 started

See BANKS, Page 14

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Zurich, etc.

Other Dollar Values

Table of other dollar values for currencies like Australian dollar, Swiss franc, etc.

Interest Rates

Table of interest rates for Eurocurrency deposits in various currencies.

Key Money Rates

Table of key money rates for various countries like United States, West Germany, France, etc.

Rand Is Sliding as Gold Stays Weak

JOHANNESBURG — The rand's slide this week to record lows has fueled fears of a slowdown in domestic growth and highlighted the strain on the South African economy, analysts say.

As relatively weak gold prices continued to depress export earnings, the rand dropped to an all-time low of 4.17 to the British pound early this week and fell steeply against the Deutsche mark and the yen.

Although the dollar itself was weakening, the rand sank even faster, hitting its lowest level in more than a year of 2.23 rand to the dollar. The Reserve Bank, the country's central bank, intervened heavily in the local currency market Monday and Tuesday, selling dollars to prop up the rand, and it recovered slightly Wednesday to trade around 2.1950.

Economists worry that a weak currency will raise the inflation rate, now at 13.4 percent on an annual basis, and slow South Africa's import-dependent economy by making foreign goods and services more expensive.

"Many traditional signs of a genuine economic upswing are not showing up," said Dickie Stuart, director of the Bureau for Economic Research at Stellenbosch University. "This is a worrisome trend since it is a situation that is symptomatic of a fortress economy."

"It seems realistic to expect that once again the balance of payments

will damp down economic growth, contributing to a lowering of living standards and further increases in unemployment."

Willie Potgieter, chief foreign exchange dealer at Standard Bank Ltd., predicted a further weakening of the rand, pointing to South Africa's inflation problems and balance of payments difficulties.

A major problem is the relatively weak price of gold, which accounts for nearly half of South Africa's export earnings. Gold has been trading around \$450 an ounce.

Some analysts argue that the rand should be allowed to fall further to reduce imports, and thus protect the dwindling surplus on the current account, which measures merchandise trade, services and some financial transfers.

South Africa has been obliged to run huge current account surpluses to repay foreign debt under terms of a rescheduling agreement with major international creditor banks. It has repaid about \$5 billion of its original \$24 billion foreign debt since mid-1985, when international banks, alarmed by anti-apartheid protests, refused to renew South African loans.

Rudolf Gouws, chief economist at Rand Merchant Bank Ltd., said he considered it "appropriate for the economy to slow down and for the rand to fall in order to shield the balance of payments."

As the rand continues to slide, economists are rapidly scaling down their estimates of real growth

for this year to below the government's target of 3 percent.

Leading economists, including Reserve Bank Governor Gerhard de Kock, acknowledge that trade sanctions and the freeze on foreign bank loans have forced South Africa to become a capital exporter and inhibited domestic growth.

Last week the Reserve Bank demonstrated its concern about the deteriorating balance of payments and fears of accelerating inflation by raising its lending rates in the banking sector for the second time in little more than a month.

The move triggered an increase in the commercial banks' prime lending rates to 15 percent.

"Things would have looked a lot worse if the Reserve Bank hadn't raised interest rates," said Mr. Gouws of Rand Merchant Bank. "And they will probably have to do it again before too long."

Net Asset Value on May 5, 1988 Pacific Selection Fund N.Y. U.S.\$0.47 per U.S.\$1 unit. Pacific Selection Fund N.V.

Advertisement for Europe Growth Fund, listing assets and performance.

Advertisement for Indigo Take-off, a weekly net asset value fund.

Advertisement for Tokyo Pacific Holdings N.V., listing securities and assets.

Bonn Approves Plan to Split Up Postal Authority

By Ferdinand Protzman International Herald Tribune FRANKFURT — The West German cabinet approved Wednesday a controversial plan to restructure the nation's postal and telecommunications monopoly in an effort to increase competition and improve customer service.

The reform plan, introduced March 1, will split the Deutsche Bundespost into three entities. The telecommunications authority is West Germany's largest corporation, with more than 500,000 employees and sales of about 50 billion Deutsche marks (\$29.7 billion).

The plan had been criticized both by those who favored more sweeping deregulation, including Economics Minister Martin Bange, and by state governments and postal union officials who complained that it went too far and would lead to lost jobs.

Under the plan, the Bundespost will not surrender its telecommunications monopoly — it will operate the three new entities — nor will it opt for privatization, as Britain and Japan have done.

But the change is likely to prove a significant first step toward making the Bundespost more responsive and market-oriented, necessary requirements if West Germany is to keep pace in the highly competitive global telecommunications market.

That view was not shared by the country's main postal union, the Deutsche Postgewerkschaft. It tried to get an injunction blocking the plan. But on Tuesday a court rejected its request, clearing the way for cabinet approval.

A spokesman for the Postal Ministry in Bonn said the plan would split the Bundespost into three "public enterprises," to be called Postal Service, Postal Bank and Telekom.

The three will operate on market-oriented guidelines, and in some areas will face competition for the first time. As one example, private companies will now be allowed to offer telecommunications equipment.

The essential proposal has been changed slightly since it was introduced, the Postal Ministry spokesman said, in order "to address the concerns of the 11 federal states."

Under the revised plan, state governments would have the right to help decide any structural changes to certain mandatory postal services, he said.

The proposals will be presented now for approval to the Bundestag, the lower house of parliament. If it approves, the plan will be sent to the Bundestag, the upper house. With its approval, the plan could take effect early next year.

Sources in Bonn said the proposals were unlikely to face significant opposition in parliament, where Chancellor Helmut Kohl's conservative coalition government has a solid majority.

Opposition from state governments was the primary obstacle to cabinet approval.

Social Democratic state governments, such as in North Rhine-Westphalia, the nation's most populous and highly industrialized state, had joined with Franz Josef Strauss's conservative government in Bavaria to oppose provisions of the plan that would have ended any regional role in formulating Bundespost policy.

The postal union has adamantly opposed the plan, saying it endangers jobs. Union officials condemned Wednesday's decision.

"The cabinet's decision on postal reform will ransack and smash the citizens' post to pieces," said Kurt van Haaren, the Deutsche Postgewerkschaft chairman.

"The bill for restructuring the Bundespost is, for the postal union, not a basis to search for political consensus," he said, "because these proposals are, fundamentally and in their specifics, contrary to the interests of the citizens and the workers."

Mr. van Haaren suggested that the union's protests would increase, possibly endangering "social peace."

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Large advertisement for CORUM watches, featuring a watch image and text about designs on time.

NYSE Most Actives table with columns for Volume, High, Low, Last, and Change.

Market Sales table showing NYSE and OTC volume statistics.

NYSE Index table with High, Low, Close, and % Change.

Wednesdays NYSE Closing logo and text.

AMEX Diary table listing various market activities.

NASDAQ Index table with Close, Prev., and % Change.

AMEX Must Actives table listing active stocks.

Dow Jones Bond Averages table.

NYSE Diary table.

Odd-Lot Trading in N.Y. table.

Dow Jones Averages table.

Standard & Poor's Index table.

NASDAQ Diary table.

AMEX Stock Index table.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (A) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

RATE: Banks, Stock Markets React to Lawson

On the New York Stock Exchange, declines led advanced by about a 5-1 ratio. Volume totaled 176.7 million shares, up from 131.2 million on Tuesday.

Large table of stock prices (B) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (C) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (D) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (E) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (F) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (G) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (H) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (I) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (J) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Large table of stock prices (K) with columns for 12 Month High/Low, Div. Yld. PE, and Close.

Vertical advertisements on the right edge of the page, including 'BUSINESS', 'KODAK', 'EASTMAN', and 'ESCORTS'.

Handwritten Arabic text at the bottom of the page.

(Continued on next left-hand page)

Wednesdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52-Week High Low Close Chg.

12 Month High	Low	Stock	Div.	Yld.	PE	52-Week High	Low	Close	Chg.
8 1/2	7 1/2	RockT	2.7	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockM	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockC	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockD	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockE	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockF	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockG	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockH	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockI	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockJ	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockK	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockL	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockM	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockN	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockO	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockP	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockQ	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockR	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockS	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockT	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockU	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockV	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockW	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockX	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockY	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockZ	3.0	4.1	13	11	10	44 1/2	+1/2

(Continued)

12 Month High	Low	Stock	Div.	Yld.	PE	52-Week High	Low	Close	Chg.
14 1/2	13 1/2	RockA	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockB	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockC	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockD	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockE	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockF	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockG	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockH	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockI	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockJ	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockK	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockL	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockM	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockN	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockO	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockP	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockQ	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockR	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockS	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockT	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockU	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockV	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockW	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockX	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockY	3.0	4.1	13	11	10	44 1/2	+1/2
14 1/2	13 1/2	RockZ	3.0	4.1	13	11	10	44 1/2	+1/2

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	1st Qtr.	1987	1988	1987	1988
British					
Commercial Union	1st Qtr.	1987	1988	1987	1988
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Sweden					
Essete	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
United States					
Grand Metropolitan	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
American Standard					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Colombia S&L Assn					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Seers					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Hondy & Harmon					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Loroi					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Britains/Neth.					
Royal Dutch/Shell	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Canada					
George Weston	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
West Germany					
Wol-Mart Stores	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
France					
Suez	1st Qtr.	1987	1988	1987	1988
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00
Thomson					
1st Qtr.	1987	1988	1987	1988	
Revenue	1,000	1,000	1,000	1,000	1,000
Profit	1,000	1,000	1,000	1,000	1,000
Per Share	0.00	0.00	0.00	0.00	0.00

US Futures

Via The Associated Press

May 11

Season High Low Open High Low Close Chg.

Season High	Low	Open	High	Low	Close	Chg.
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50

Grains

May 11

Season High Low Open High Low Close Chg.

Season High	Low	Open	High	Low	Close	Chg.
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50

Livestock

May 11

Season High Low Open High Low Close Chg.

Season High	Low	Open	High	Low	Close	Chg.
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50

Currency Options

May 11

Season High Low Open High Low Close Chg.

Season High	Low	Open	High	Low	Close	Chg.
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	95.00	98.00	100.00	95.00	98.00	+0.50
100.00	9					

10-Year U.S. Treasury Notes Yield 9.06%

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. Treasury sold \$8.75 billion of 10-year notes on Wednesday at an average yield of 9.06 percent in an auction aided by falling stock prices.

U.S. banks raised their prime interest rates to 9 percent from 8.5 percent Wednesday, sending stocks sharply lower. Although bond prices generally fall as interest rates rise, the equity sell-off encouraged investors to buy U.S. government

securities, which are often favored in times of economic turmoil.

The yield on the new notes was still in line with market expectations.

In the auction, the second of three that comprise the Treasury's quarterly refunding operation, accepted yields ranged from 9.05 percent to 9.06 percent, with 95 percent of the bids at the high return accepted.

The average yield was up from 8.21 percent at the last auction of

10-year notes, on Feb. 3, and was the highest since 9.54 percent on Nov. 21, 1985.

The average price of the notes, which carry a 9 percent coupon, was 99.610, with 100 representing face value.

A total of \$22.89 billion in bids was received, including \$454 million in noncompetitive bids from the public.

The government plans to sell \$8.5 billion of 30-year bonds on Thursday. (Reuters, AP)



Hélio Smidt, president of Varig SA, the private-sector Brazilian carrier that has become the largest Latin American airline.

Brazil's Varig: Steady in a Sea of Turbulence

By Alan Riding
New York Times Service

RIO DE JANEIRO — Given the troubles of airlines across Latin America, Hélio Smidt seems remarkably confident that Varig SA will emerge unscathed from the inflation, recession and labor unrest buffeting the region.

"In Latin America, almost all state and national flag carriers are in the red," the 63-year-old president of the Brazilian flag airline said in an interview. "Varig is different."

In the 61 years since it was founded, Varig has become the largest airline in Latin America and one of the 20 biggest carriers in the world. It has a reputation for safety, service and profitability.

"A major reason for its success is that it's a private company," said Mr. Smidt. "Another is that it has always worked like an army — and still does — with a great deal of discipline."

Nonetheless, the difficulties of running an airline in Latin America are growing. In mid-April, for example, Aeroméxico filed for bankruptcy after years of losses and a strike that cost it about \$7 million. The Mexican government, which owns the airline, was praised by analysts for its resolve to make the country's air transport system more efficient by letting the flag carrier go out of business.

Also in April, a private operator, Transbrasil SA, was taken over by the Brazilian government because it could no longer cover its debts. Several of Latin America's government-owned airlines, such as Aeroperú and Brazil's Vasp SA, continue to need regular infusions of capital to avoid collapse.

Several weeks before, the state-owned Aerolíneas Argentinas sold 40 percent of its stock to Scandinavian Airlines System, which is to

provide assistance in running the South American carrier.

Even for Varig, the traditional exception to most airline rules in Latin America, 1987 was a difficult year. On revenue of \$1.3 billion, Varig reported a loss of \$123 million, the result of a \$128.8-million revaluation of its yen-denominated debt.

Without this exchange loss, the company broke even last year, in contrast to net profit of \$126.7 million in 1986, \$65.4 million in 1985 and \$67.5 million in 1984. Because Varig considers the 1987 results to be only a bookkeeping loss, it has decided to continue paying dividends, using accumulated profits.

Mr. Smidt, raising his voice above the roar of planes landing at the Santos Dumont airport near Rio de Janeiro, declared that "1988 should be better."

"We're finding ways of cutting costs," he said. "We've got three new Boeing 747s coming into operation, and we've signed an agreement with Japan Airlines for an extra Tokyo flight."

With most of Latin America caught in a deep recession, the idea of opening routes and acquiring aircraft is daring. Last year, Varig carried slightly fewer passengers than in 1986, and triple-digit inflation in Argentina, Mexico and Peru as well as Brazil does not augur well.

Yet Varig, Mr. Smidt insisted, is different. For example, it steadfastly ignored the recent fads of slashing fares and offering frequent-flyer deals, believing that a company of its size could never beat the major American and European airlines at those games. "I think they're now regretting they got into them," Mr. Smidt said.

Still more important, Varig is supported by

a mystique and a corporate structure that other Brazilian corporations do not have.

The airline was founded in 1927 by a German immigrant, Otto Ernst Mayer, who stepped down when Brazil declared war on Germany in 1941. He chose his first employee, Ruben Berta, as his successor, and Mr. Berta presided over the company's expansion in the next 25 years.

In 1945, Mr. Berta convinced the stockholders of the company to donate their shares to a foundation, controlled by the airline's employees. The foundation now owns 79 percent of the common shares.

Varig's rapid growth over the past 15 years has required outside financing, which has raised the company's foreign debt to \$1.1 billion. But even with debt-servicing costs of about \$257 million this year, its credit rating remains good.

Varig is Brazil's flag carrier abroad, giving it a big advantage over the country's other major airlines, Transbrasil, which is now in government hands, and Vasp, which is owned by the government of the state of São Paulo. As the flag carrier, Varig has a regular income in hard currencies.

But even with a fleet of 84 aircraft and offices in 64 countries, Varig recognizes that it is a small player among airlines. "Brazil has 18 million airline passengers a year against 400 million in the United States," Mr. Smidt said. "And when we fly to, say, Frankfurt, we're not just competing with West Germany but with all of Europe because a huge regional market feeds into Frankfurt."

In South America, Varig has tried the same strategy, using its numerous flights to neighboring countries as a way of persuading passengers to connect in Rio de Janeiro for flights to the United States and Europe.

This announcement appears as a matter of record only

CARTIER GROUP

took a participation in

PIAGET HOLDING and BEAUME & MERCIER

Switzerland

The undersigned initiated this transaction.

DARIER & CIE

Private Bankers

GENEVA



MONTREAL

HONG-KONG

NASSAU

May, 1988

BANKS:

A Healthy Start

(Continued from first finance page) to pay off. Restructuring moves — either through asset sales or the dismissal of employees — were in evidence at Manufacturers Hanover Corp., First Interstate Bancorp and Chemical. First-quarter expenses at Chemical, for instance, were 10 percent lower than in last year's fourth quarter.

At some banks, the earnings were buoyed by one-time gains. Chase, the second-largest U.S. banking company, saw its net income swelled by about \$160 million in one-time gains: from the sale of a securities information subsidiary, the sale of a branch-office building in Paris and from federal tax benefits from its developing-country loan reserves.

Perhaps the best performer was Wells Fargo & Co., which reported a 58 percent gain in net income due almost entirely to improvements in its core banking business. "It's a continuation of tremendous fundamentals at Wells Fargo," said J. Richard Friedland of Montgomery Securities. "They've had tremendous control over costs and a good pricing environment."

The earnings at many banks were aided by a strong performance in the bank's trading accounts, especially at J.F. Morgan.

Banks are now beginning to trade more financial instruments as they try to become global investment bankers. And the banks have expanded beyond their traditional trading to handle many different instruments, commodities and foreign exchange.

"A lot of banks have made a lot of money on foreign exchange," said Mr. Salem of Prudential-Bache. "Several banks had record high total trading gains, and trading profits were high also in foreign exchange."

LTV to Sell Plant Pipe-Making Unit

CLEVELAND — LTV Corp. said Wednesday that it had signed a contract to sell its steel plant in Warren, Ohio, and its Republic Drainage Products Co., subsidiary to Renco Group Inc., which is privately held. No terms were given. LTV said the sale was expected to be complete by June 30, subject to court approval. LTV is operating under Chapter 11 of the Federal Bankruptcy Act.

The Warren plant makes flat-rolled steel products and has a capacity of 1.5 million short tons. Drainage Products makes corrugated galvanized steel drainage pipes. LTV said it will retain its coke plant in Warren.

How would you like your bath, Sir?

Mallorca (Balears) 26,5°



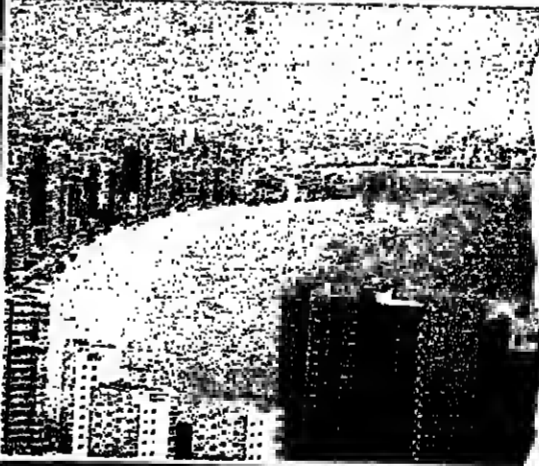
Lanzarote (Canarias) 25°



Matalascañas (Huelva) 23°



La Coruña (Galicia) 20,5°



Benidorm (Alicante) 27°



Berriatua (Guipúzcoa) 20,5°

Costa Brava (Gerona) 24,5°

In Spain you won't only have the luxury of choosing amongst never-ending beaches with tiny coves, palm beaches, solitary beaches or beaches filled with amusements and even live entertainment.

Here we go even further. You may even choose the temperature of the water you bathe in. The water for your bath is ready at between 20 and 27 degrees (summer-temperature).

And don't worry about towels. We have the sun to dry you automatically.

مركزان التجميل



Spain. Everything under the sun.

BANKS: A Healthy Start... Continued from first page...

Wednesday's OTC Prices... NASDAQ prices as of 4 p.m. New York time.

Table of OTC prices for various stocks, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

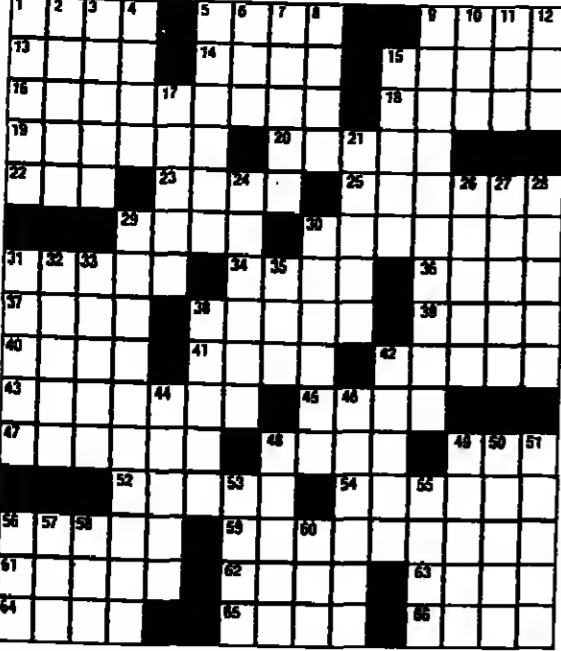
Table of stock prices for various companies, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

There's never been a guide to Asia like this. A unique and invaluable new IHT guide for the business traveler in Asia. Edited and written by senior IHT journalist Robert K. McCabe...

LTV to Sell Pipe-Making



- ACROSS**
- The Bard's river
 - Mollycuddy
 - Big, stupid guy
 - Muscovite
 - Switch extender
 - Muscle power
 - Ego behind the plate?
 - Labster trap
 - Plentifully
 - Gave relief
 - pro nobis
 - River of Flanders
 - Like some herms
 - Quonsets
 - Make sure little Irene gets to Iowa, too!
 - Dried root of a Mexican vine
 - Earth
 - Life in Lidice
 - St. John's or Penn. State
 - Type of note or number
 - Sacred symbol
 - Ja mbalaya ingredients
 - Six-Comb form
 - Had discipline
 - Ego does some tailing?
 - Quid, in Dogpatch
 - Type of fishing boat
- DOWN**
- Adversario
 - Substitute; deputy
 - Fila, citrus
 - Org. created in 1949
 - Director
 - Discipline
 - Book by an aviculturist?
 - Twenty-two
 - Kin of omea
 - He gives a hug
 - Slammy
 - Encounter
 - Praise
 - Finished kid
 - Tri in summertime

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

MAWPS

ORFOL

BARKEY

DIZAWR

Answer here: "NO" (Answers tomorrow)

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algiers	19	14	Beijing	22	14
Amsterdam	19	14	Bombay	31	24
Athens	22	12	Hong Kong	31	24
Berlin	18	11	New Delhi	43	29
Bombay	31	24	Shanghai	18	14
Buenos Aires	16	11	Singapore	24	18
Calcutta	31	24	Taipei	21	15
Cardenas	16	11	Tokyo	21	15
Chengde	16	11			
Colon	21	15			
Havana	21	15			
London	17	12			
Madrid	19	14			
Moscow	13	8			
Nairobi	25	19			
Paris	18	13			
Rangoon	25	19			
Rio de Janeiro	21	15			
Sao Paulo	21	15			
Seoul	21	15			
Tokyo	21	15			
Zurich	18	13			

World Stock Markets

Market	Index	Change
Amsterdam	3718.34	+21.12
Bombay	1114.25	+14.50
London	2418.50	+12.25
Paris	1114.25	+14.50
Stockholm	1114.25	+14.50
Sydney	1114.25	+14.50
Tokyo	1114.25	+14.50

BOOKS

FRANCO: A Biography
By J. Fusi. 202 pages. \$25. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

THE FRANCO REGIME, 1936-75
By Stanley G. Payne. 677 pages. \$30. University of Wisconsin Press, 114 N. Murray Street, Madison, Wis. 53715.

Reviewed by Edwin M. Yoder Jr.

THE Spanish Civil War of 1936-39 so deeply scarred the soul of an age that it is small wonder that its emotional legacy is, like Charles II, a long time a-dying.

Yet a-dying it is, as any visitor to the vibrant post-Franco Spain discovers. These two books are among the signs that the scholarly consideration of Francisco Franco's 40-year reign is passing from polemic to the more measured scrutiny of history.

Both authors — Juan Pablo Fusi is director of the Spanish National Library, Stanley Payne a professor of history at the University of Wisconsin — carry the story year by year through the Franco era, Fusi laconically, Payne at exhaustive length, but both expertly.

The emerging spectacle is paradoxical. The man whose ascendancy stretched from 1936 to his quiet if painful death in bed 13 years ago (with the mummified arm of Saint Teresa of Avila at his side) was physically small and, to most eyes, unprepossessing. Franco was a soldier with strong but simple ideas — a Bonapartist, Payne suggests, without the genius of Bonaparte. He ruled a brilliant and volatile (and changing) society by means of traditionalist social convictions (not ideology) and by a signal talent for agile accommodation. Even more than Louis XIV might Franco have boasted, "I am the state." His "organic Catholic democracy," as he liked to call it, was among the more durable entities of this or any century. Yet it was also a system of jerry-built institutions that largely collapsed at his death.

From his consolidation of power amid the ruins of civil war in 1939 to his dying day, Franco claimed that he had rescued Spain from its familiar demons — the spirit of anarchy, carping mutual criticism, lack of fellow-feeling, extremism, and interminable ha-

tried," as he catalogued these faults in 1963. These ancient Spanish vulnerabilities (as Franco saw them) were preyed upon by sinister external influences. There was communism, of course; and as late as 1943, Franco was offering to send a million volunteers to help defend Berlin in the event of a Soviet breakthrough.

Equally, there was the alleged international Masonic conspiracy, which so obsessed Franco that he even wrote and published a book about its machinations under an assumed name. In any case, he alone claimed to be able to stem Spain between the treacherous whirlpools of secular modernism and liberal democracy and Marxist tyranny.

Thus Franco as Franco saw him. But the great question for historians is the durability of the "ism" he founded. Fusi and Payne largely agree about this. Franco, a general at 33, had distinguished himself as a military man. He was prudent and cautious and, as his shifting international associations showed, flexible and agile. Far from soft, he was a man of cordiality and courtesy, unpretentious, cautious and averse to violence. By even conservative estimates, the regime executed 28,000 to 30,000 political enemies in the immediate post-Civil War years. Yet as Fusi puts it, "Franco, who was not a violent man by temperament, applied the policy of repression dispassionately... as if fulfilling a duty." He was not a hater.

Nonetheless, Francoism suffered first from what Fusi calls "a kind of chronic sickness of conscience about the legitimacy of its origins." Without the early aid of Hitler and Mussolini, Franco's July 18, 1936, revolt probably could not have succeeded — it was Franco and Italian planes that ferried his armies from Spanish Morocco to the mainland to launch his crusade against the collapsing and divided Second Republic. Well into the World War II years Franco pursued an uneasy courtship of the fascist powers; a history that saw Spain excluded from the United Nations after its founding. This ostracism began to fade only with the onset of Cold War, when Franco's self-advised status as the abortive anti-communist "sentinel of the West" (in the phrase of a fawning biography) took on a new pertinence. The American alliance, a new accord with the church and eventual UN membership followed.

Franco's relationship with the deposed Spanish monarchy was always a bit small help in legitimizing his claims. In his *Manifesto at the end of World War II*, Don Juan, the Bourbon pretender, condemned Francoism (a bit excessively) as "inspired by its inception by the totalitarian systems of the Axis powers." Yet Franco protested, "with some justice, that he had never been a fascist." The judgments of Franco and Francoism that emerge in both these books are incisive but measured. Like most revisionist historians, recent chroniclers of the Franco years are beginning to detect continuities obscured by the bitter polemics and resentments of the Caudillo's lifetime.

Edwin M. Yoder Jr. is a syndicated columnist with The Washington Post Writers Group.

BRIDGE

By Alan Truscott

TOURNAMENTS with cash prizes seem to be coming to the United States. After much soul-searching, the American Contract Bridge League has made plans for such an event in Atlantic City next year.

Financial rewards have long been common in most of Europe, and have now spread to Britain, which used to share the amateur purity of the Americans. A Grand Prix event began in March enabling pairs to win small amounts at a series of local events and qualify for a final with a first prize of \$8,000. In the first round a chance of a South player missed a chance on the diagrammed deal. He was one of several pairs who stretched to four spades, a contract that hinges primarily on the spade king. In the diagrammed auction the three-

spade jump is even weaker than one would normally expect. The club queen was led, and East took two winners in the suit and shifted to a heart. South won with the ace, and could think of nothing better than crossing to dummy to try a trump finesse. This plan failed, leading to a one-trick defeat, and failed predictably. Once East produced the A-K of clubs, the spade finesse was a sure loser — West needed something to justify a vulnerable takeout double.

South should have cashed the trump ace, with some possibility of dropping a singleton king, and tried for a long shot in diamonds. Cashing the king, leading to the ace and ruffing the third round might establish the ten. It would have done so, quite luckily, so South would have been able to ruff a club and throw his heart loss on the diamond ten. If that had occurred, West would have had a complaint to make about his partner's defense. A quick shift to hearts, before cashing the second club winner, would have insured the defeat of the contract. There would then have been no quick entry to the dummy to permit the discard on the diamond ten.

Market	Index	Change
Zurich	1114.25	+14.50
Tokyo	1114.25	+14.50
Sao Paulo	1114.25	+14.50
Singapore	1114.25	+14.50
Stockholm	1114.25	+14.50
Sydney	1114.25	+14.50
Tokyo	1114.25	+14.50

Tiger of A...

NEW YORK

AMERICAN

WEST

EAST

SOUTH

NORTH

BRIDGE

Major League

Tennis

هذا من الاصل

Tigers and Twins End Streaks Of Athletics (14), Brewers (10)

Compiled by Our Staff From Dispatches
NEW YORK — Two substantial American League winning streaks — Oakland's at 14 games and Milwaukee's at 10 — are over. And when the same thing happened to the Brewers last year, their season was over too.

record is 19 (the 1906 White Sox and 1947 Yankees), while the 1916 New York Giants hold the major league mark of 26. Detroit is the

career-high four hits and Pete Inca-viglia and Larry Parrish hit home runs in highlight a 13-hit attack that ended Baltimore.



Despite a first-period collision, Detroit's Isiah Thomas kept the ball in play.

Jazz Stun Lakers in Forum, 101-97; Nuggets, Pistons Winners at Home

Compiled by Our Staff From Dispatches
INGLEWOOD, California — Even after what Coach Frank Layden called the biggest victory in franchise history, Utah's players weren't getting cocky.

formances from reserves Mike Evans and Jay Vincent to get the jump in the other Western semifinal. Evans scored 11 points in the second quarter as Denver raced to a 12-point halftime cushion, and Vincent scored nine in the third when the Nuggets blew the game open.

Mark Jackson, who shattered the league's rookie assist record and helped lead the New York Knicks to their first playoff appearance since 1984 on Tuesday was named the National Basketball Association's rookie of the year, The Associated Press reported from New York.

SCOREBOARD

Baseball

Table with columns for team names and scores. Includes 'Tuesday's Line Scores' and 'Major League Standings'.

Basketball

Table with columns for team names and scores. Includes 'NBA Playoffs' and 'Second-Round Schedule'.

Table with columns for team names and scores. Includes 'Transition' and 'Tennis Leaders'.

Table with columns for team names and scores. Includes 'PGA Leaders' and 'Hockey'.

Table with columns for team names and scores. Includes 'European Soccer' and 'NHL Playoffs'.

'Stuff and Nonsense'

By George Vecsey
New York Times Service
BOSTON — In the Lewis Carroll wonderland of the National Hockey League, things get curious and curiouser. For a while, the league seemed to go along with the Queen of Hearts, who firmly believed, "Sentence first, verdict afterwards."

Bruins Win, Push Devils To the Edge

The Associated Press
BOSTON — Power politics gave way to power hockey. National Hockey League officials returned to work and the Boston Bruins never let up.

Stanley Cup Playoffs

The Bruins peppered rookie goaltender Sean Burke with 31 shots. They scored three power-play goals while holding the Devils scoreless when they had a man advantage.

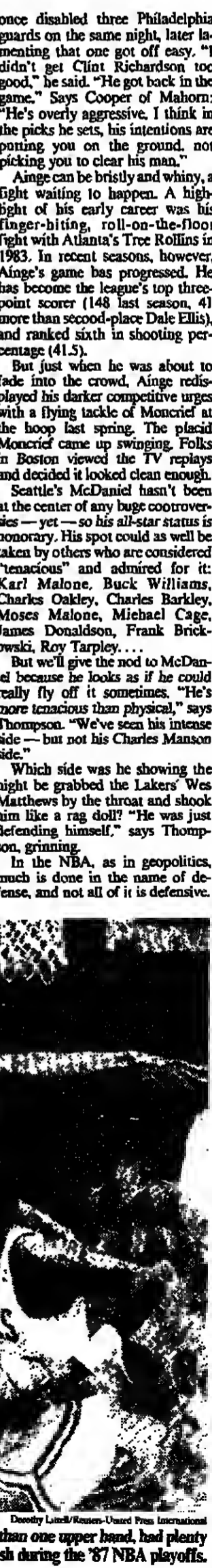
Vantage Point/Mark Heiser
Heavies Blossom In NBA Playoffs

Los Angeles Times Service
LOS ANGELES — The National Basketball Association playoffs are lay-it-up-and-the-time. Tempers are getting warm — someone is about to prevent an easy hoop the, uh, decisive way.

down. "That was serious. That's part of the playoffs."
The art of physical intimidation was well entrenched by the time he arrived, but few have traded on it like Maurice Lucas, who frowns during the national anthem and then proceeds to get really angry.

The problem is not a hand of baddies you can love to hate, but a system that has produced what is sometimes referred to as 'the unwritten rule' — Thou shalt allow no lay-ups in the playoffs.

once disabled three Philadelphia guards on the same night, later lamenting that one got off easy. "I didn't get Clint Richardson too good," he said. "He got back in the game." Says Cooper of Mahorn: "He's overly aggressive. I think in the picks he sets, his intentions are putting you on the ground, not picking you to clear his man."



Rich Mahorn of Detroit, with more than one upper hand, had plenty of leverage on Boston's Robert Parish during the '87 NBA playoffs.

49ers, Dolphins Slated for London

The Associated Press
NEW YORK — The San Francisco 49ers and Miami Dolphins will meet in a National Football League exhibition game July 31 at Wembley Stadium in London. It was announced Wednesday.

